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McLaughlin Director of Empire Trust Co.

Donald H. McLaughlin, Vice-President and Director of Cerro de Pasco Copper Corp., has been elected a Director of Empire Trust Co., according to an announcement by Henry C. Brunie, President.

D. H. McLaughlin

Mr. McLaughlin was Chairman of the Division of Geological Sciences and of the Department of Geology and Geography, Harvard University, from 1935 to 1941. At that time he was appointed Professor of Mining Engineering and Dean of the College of Mining, University of California. In 1942 he became Dean of the College of Engineering at the University of California, with which the College of Mining was united. He resigned as Dean in July of 1943 to become associated with Cerro de Pesco Copper Corp. He is also a Director of Homestake Mining Co. During the past five years he has also served as Consulting Geologist to these companies, San Luis Mining Co. and others.

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SAVINGS AND LOAN ASSOCIATION material on page 804.

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The Money Problem In Planning A Post-War Economy

By DR. IVAN WRIGHT

Professor of Economics, Brooklyn College
Member, Economists' National Committee on Monetary Policy
Formerly Visiting Professor of Political Economy,
The University of Toronto
Sometime Special Executive of the New York Stock Exchange

Planning for the post-war economy is essential. The shock of the many abrupt changes necessary in the transition from the war to a peacetime economy may be lessened by such planning if this planning is done carefully and intelligently. Never in the history of this country before did we have so many planners. Fortunately, almost everyone has ideas on some plan. Some research has been done and some of these plans are undoubtedly of great merit. While individual plans and the plans of organizations set up by the state and federal governments may contribute very valuable aid, the really important plan which will dominate and to which all other plans will be subsidiary, it seems, must be that plan or planning done by the federal government. Recently, Speaker Rayburn announced, at a conference of mayors in Chicago, that he intended to appoint a bi-partisan committee of the House to frame legislation for peacetime prosperity. He said that this committee would draw into one common pool information on these vital post-war factors:

Dr. Ivan Wright

1. Conversion speeds, unemployment, and rate of reemployment.

(Continued on page 800)

Should Price Fixing And Rationing Be Extended Into Post-War Period?

The "Chronicle" recently requested various personalities in government, business and financial circles to express their views as to whether the existing price control and rationing measures should be continued in peacetime. A considerable number of the expressions received were given in the issue of Feb. 17, starting on the first page of Section 1, and we present herewith another group of the opinions adduced by the symposium. Others will be published in subsequent issues.— *Editor.*

HON. ELMER THOMAS

U. S. Senator from Oklahoma

With respect to extending price fixing and rationing into post-war period, of course at this time no one can tell what conditions will be at that time, but it seems to me that when the post-war period comes we will have still fewer goods and much more money or buying power with which to purchase such goods.

Sen. E. L. Thomas

In the event rationing and price fixing should be relinquished at the end of the war, then the people would be able to bid for the scarce articles which would cause prices to rise abnormally; hence, it is my opinion that both

(Continued on page 810)

Future Of Air Transportation

Executive Vice-President Of Transcontinental & Western Air, Inc., Declares Enormous Volume Of Business Handled by Our Grand Total Of Only 186 Airplanes In 1943 Possible Only Because Of Intense Utilization Of Equipment—Sees Expansion Of Industry Requiring New Capital Of $700,000,000 By 1954

By E. LEE TALMAN *

Air transportation is a thrilling and exciting business. Thrilling, because it symbolizes man's continuing conquest of time and space; exciting, because of the adventure of crossing oceans and deserts and continents in a matter of hours; exciting, because of the individual perspective which flying brings to us all; exciting, too, because it means that you and I, not our grandchildren or our children, but you and I, shall lunch in New York and dine the same evening in Los Angeles, shall week-end in Europe or, if we wish, we may circle the globe in less time than we now take to cross the Atlantic by steamer. Air transportation is exciting, too, because of the multiplicity, complexity and scope of its problems.

E. Lee Talman

But air transportation is thrilling and exciting in a much more important sense — because no business exceeds ours in oppor-

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*An address delivered at the 18th anniversary dinner of the New York Security Dealers Association held on Feb. 17, 1944, at the Waldorf-Astoria, New York.

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Inflation In Urban Land In World War II

By HOMER HOYT*

Director of Economic Studies, Regional Plan Association, New York City

The prices of urban and agricultural land alike depend upon capitalized net income, but the forces causing a rise in the net income attributed to city sites, do not always coincide, in point of time, with the factors tending to raise the net income of farms and hence the prices of the two species of real estate do not necessarily rise or fall at the same time or in the same proportion.

Homer Hoyt

"In fact, during World War I, the prices of urban real estate remained almost stationary, while the sales value of American farm land doubled between 1910 and 1920. Then when the sales value of urban land in American cities, with a population of 30,000 or over, rose from $25,000,000,000 to $50,000,000,000 from 1920 to 1926, the value of all farm land dropped from $55,000,000.000 to $37,000,000,000. The cause of this remarkable reversal in the relative position of urban and agricultural real estate was the decline in farm prices at the very time when there was a great migration of workers to the cities, which were enjoying a post-war industrial boom."

The question now is whether the availability of savings of over $50,000,000,000 and the fear of future increases in the general price level, which is now inflating farm land prices, will likewise cause increases in urban land prices. There is a fundamental difference in the factors operating during the war to control net incomes of farms and city properties. The prices of agricultural products have been allowed to rise

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*A Summary of An Address Before Tax Institute Symposium at the Pennsylvania Hotel, N. Y., on Feb. 7, 1944.

(Continued on page 805)

How Is Invasion Likely To Affect The Market?

The coming event that is casting the biggest shadow on the securities markets at present probably is the expected United Nations invasion or invasions in Western Europe. This is the event that is regarded as the necessary prelude to bringing the war in Europe to a successful conclusion, which in turn should be followed by a successful conclusion to the war in Asia.

The actual date of invasion naturally remains a well-kept military secret, and even guesses at it are discouraged by the censorship authorities. Of the two unknown factors—when the invasion will begin, and when its success will be assured—the latter is, of course, by far the more vital.

Success of the Invasion

Considering the long period of preparation and the unity of purpose pervading the leaders of the United Nations, especially since the conferences at Cairo and Teheran, it may be assumed that the invasion will get under way at the most propitious moment it is possible to foresee. Yet, while the ultimate outcome can only be beyond doubt, there may or may not be a lengthy interval of struggle before decisive success is won.

The Italian collapse occurred months ago, but the Allied armies have not yet entered Rome. The defense of "Fortress Europe" has been planned much more substantially by the Germans, and the public has been warned by the military authorities to be prepared for harrowing casualty lists. Official announcement of the actual invasion may come at any time. What will be its reception by the stock market?

(Continued on page 795)

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How Aggressive Should Our Investment Policy Be At This Time?

By DR. WILLIAM F. EDWARDS*

I have a feeling of deep responsibility in presenting a discussion of the outlook for securities at this particular time. We are on the threshold of a momentous year. There is much to be concerned about in handling investments, and the responsibility of those who help supervise the investment of other people's money is great. The times are confusing. The news and public statements are confusing. We must sift the available information as carefully as the old prospectors had to sift the sands in order to find the nuggets of gold. I do hope that I am not adding to the confusion. My sole objective is to stimulate sound thinking.

Dr. Wm. Edwards

I don't wish to minimize the problems of bond investments, but with supply and demand making long-term U. S. Governments sell only fractionally above par, and the U. S. Treasury pegging the bonds at a minimum of par, a condition I believe certain to exist for some time after the war, the bond investment problem is largely one of account requirements and individual securities. The questions for this discussion are, should we hold and buy common stocks; and if so, how aggressively?

Being practical investors, we know that the action of the market itself must be given proper

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*A summary of a speech delivered by Dr. William F. Edwards, Economist for Naess & Cummings, before the New York Society of Security Analysts on Feb. 14, 1944.

(Continued on page 806)

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NASD 5% Rule Threat To Post-War Employment And Small Business

By PHILIPP H. LOHMAN, Ph.D.

(Dr. Lohman is Associate Professor of Economics at Miami University, Oxford, Ohio. At present, he is a contributing editor of Time Magazine while on leave. He is also connected with New York University, and is a member of Economists' National Committee on Monetary Policy—Editor.)

As regards internal administration, the key notes in government today are confusion, lack of coordination, and a colossal tendency to drift by following the least line of resistance. To be fair, one must grant that a partial explanation of this phenomenon is the tremendous structural change which we experience in our social and economic environment. But the same characteristics of confusion, lack of coordination, of efforts, and drifting apply unfortunately to American business.

P. H. Lohman

At present, a handful of men are fighting the good fight for all those who believe in the spirit of free private enterprise. I am referring particularly to the protest lodged by the New York Security Dealers Association against the 5% profit limitation philosophy announced in October, 1943, by the National Association of Securities Dealers. The Maloney Act of 1938, which resuscitated the NIRA code authority in the investment field by creating the National Association of Securities Dealers, clearly stipulates that "an association shall not be registered as a national securities association unless it appears to the Commission (SEC) that the rules of the association assure a fair representation of its members in the adoption of any rule of the association or amendment thereto, the selection of its officers and directors, and in all other phases of the administration of its affairs." The high-handed manner in which the 5% rule was put over and the lack of any representative character of the NASD's governing board spell a clear-cut violation of the intent of Congress.

This situation and similar instances in the past involving other types of American business illustrate the lack of coordination of thousands of individuals who are otherwise paradoxically enough in complete agreement on fundamental policies. When public utilities are in difficulties, the automobile industry says "no skin off our necks." When the very existence of the American capital market is threatened, the American Bankers Association does not bat an eye. And so on ad infinitum! Reference shall be made later to the vital effect the NASD profit limitation rule (to call it that is really a misnomer in as much as it really does not represent the consensus of the association) has upon business in general in general, particularly on the smaller business establishments. If they are in trouble, big business will likewise suffer eventually.

It is the writer's intention here to point to the long range effects of a profit limitation and the bid and asked disclosure rules. But one of the problems encountered here immediately is a noticeable lack of coordination among business as a whole. Of course, business does not constitute a homogeneous group; not any more than farmers or labor or any other group. There is much friction among diverse business groups and quite properly and necessarily so. But business must come to a fundamental understanding, and that soon, as to what the frame of our society should be within which the "market higgling" shall take place.

It would be advisable for business to act through a representative body, a sort of advisory council. This would benefit business and hence the country in two

(Continued on page 814)

Investing Trust Funds Under The Prudent-Man Rule

By RICHARD P. CHAPMAN*

The stress of finding suitable and productive investments for trust funds under prevailing bewildering economic and political circumstances has quickened general interest in the prudent-man rule as practiced in Massachusetts and elsewhere. These current difficulties are too well known to need cataloging for this audience. The prudent-man rule, however, offers no ready-made solution to the investment problems of a trustee, but only an opportunity, and as in every opportunity, there are risks and obstacles to be overcome. It provides no easy tools, no clearly marked highways, no fixed rules certain in their application. It does substitute a general and flexible set of principles applicable to changing investment conditions for the restrictive concept of either the statutory legal investment list, or its cousin, the narrowly interpreted law, with its defensive, Maginot line psychology and its preoccupation with the past.

The Massachusetts rule has endured for over a century without basic alteration, through war and reconstruction, boom and depression, inflation and deflation, and there seems no reason to presume that it will not adapt itself equally well to whatever is to be the form of our future social and economic order.

The trustee is held to a high standard of conduct, but at the same time is offered a relatively unfettered opportunity to do as good a job as the time permit. He is placed on a footing with men of prudence and seasoned judgment in the community, free to use all of his native powers of inquiry and analysis and to apply the results to the problems at hand in the light of his accumulated experience. Thus he has the

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*An address delivered before the American Bankers Association Mid-Winter Conference held at the Waldorf-Astoria on Feb. 10, 1944. Mr. Chapman is Vice-President of the Merchants National Bank of Boston.

(Continued on page 812)

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Institutional Bond Shares, New Mutual Trust, Announced By Distributors Group

Shares Confined To Bonds Meeting Requirements For Life Ins. Cos. And Banks In New York State

Distributors Group, Incorporated, 63 Wall St., New York City, announce a new Class of Group Securities, Inc., known as Institutional Bond Shares, with an initial authorized capitalization of 575,000 shares. The new shares are unique in the mutual fund field in that investments of Institutional Bond Shares are confined to bonds which meet the legal requirements for investment by life insurance companies, or by savings banks, in the State of New York.

"Compliance with these conservative restrictions, which are the reflection of many years of State supervision of the investments of life insurance companies and banks," the announcement states, "necessarily restricts the income return. But it also acts as a safeguard by confining selections to bonds of approved investment quality and by excluding issues of inferior or primarily speculative character. While income is an important investment consideration in the management of Institutional Bond Shares, the primary objective is preservation of principal. Profits resulting from changes in investments are not an objective, but are considered a by-product of sound investment policy. When realized they may be paid out as extra dividends."

Institutional Bond Shares is designed primarily to meet the investment requirements of corporation reserve funds, employee benefit trusts, lodges, schools churches, unrestricted trust funds and the "reserve" investments of individuals. The initial offering price of Institutional Bond Shares is $10 per share, and the net true investment return is estimated at about 4%.

Not more than 5% of the assets of Institutional Bond Shares may be invested at any time in the bonds of a single issuer except for issues of, or issues guaranteed by the United States Government. Investors may join the group at any time by purchasing the shares at the current offering price which is based on the market price of the investments, and may withdraw at any time by redeeming their shares at approximate net asset value.

Institutional Bond Shares increases to 21 the number of classes of Group Securities, Inc., having aggregate assets in excess of $21,000,000, representing the investments of more than 11,000 shareholders.

Paine, Webber Opens Second Cgo Branch

CHICAGO, ILL.—Paine, Webber, Jackson & Curtis, 209 South La Salle Street, have opened a branch office in the Merchandise Mart Building, main lobby, under the management of Hayes O'Brien and Wesley Blom.

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Wm. Blair & Co. To Be Formed In Chicago

CHICAGO, ILL.—William McCormick Blair will acquire the New York Stock Exchange membership of Percy D. Lown and will form the Exchange firm of William Blair & Co. with offices at 135 South La Salle St. on March 2.

Partners in the new firm will be Mr. Blair, Wallace M. Flower, Don G. Miehls, Daniel J. Ritter, all previously with Blair, Bonner & Co., and Lee H. Ostrander, formerly with Graham, Parsons & Co. in Chicago.

P. C. Mohrman With E. F. Hutton & Co.

P. C. Mohrman has been appointed Manager of the Investment Research Department of E. F. Hutton & Co., members of the New York Stock Exchange, in the main office at 61 Broadway, New York. Mr. Mohrman years ago was associated with the well-known analyst, the late Mr. John W. Pope, after which he joined the Trust Investment Department of the Guaranty Trust Company. Later, he became a partner in his own Stock Exchange firm of Biggs, Mohrman & Co. More recently, he has been doing war work for the Navy Price Adjustment Board. He begins his new duties March 1, 1944.

Atlanta Bond Club Elects New Officers

ATLANTA, GA.—At the annual meeting of the Atlanta Bond Club held on Feb. 17 at the Capital City Club of Atlanta, J. R. Neal, a member of the firm of Wyatt, Neal & Waggoner, was elected President; Byron Brooke, a member of the firm of Brooke, Tindall & Co., was elected Vice-President, and J. F. Settle, President of J. H. Hilsman & Co., Inc., was elected Secretary & Treasurer.

"Duke" Hunter a Grandpa

Wellington (Duke) Hunter of Hunter & Co., 42 Broadway, New York City, became a grandfather on Feb. 17 while attending the annual dinner of the New York Security Traders Association. A son, Harold Leroy Snyder 2d, was born to Mr. Hunter's only daughter at Brooklyn Hospital. The father of the baby was wounded at Pearl Harbor on Dec. 7, 1941.

Mr. Hunter is the father of seven, and at present has four sons serving in the Marine Corps.

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Schluter & Co. Now F. H. Koller & Co.

Schluter & Co., Inc., 111 Broadway, New York City, established in 1925, announces that the firm name has been changed to F. H. Koller & Co., Inc.

Since 1927 Mr. Koller has been connected with the firm specializing in industrial securities.

RR. Situation Of Interest

The current situation in Chicago Rock Island offers interesting possibilities, according to a circular being distributed by Sutro Bros. & Co., 120 Broadway, New York City, members of the New York Stock Exchange. Copies of this circular may be had upon request from Sutro Bros. & Co.

Travelers From Afar

Among Pacific Coast visitors attending the dinner of the New York Security Dealers Association were: Morton Seidel of Morton Seidel & Co., Los Angeles; Robert T. Cass and Forest W. Shipley of Quincy Cass Associates, Los Angeles, and Huber J. Soher, partner of H. R. Baker & Co., San Francisco, Calif.

Executive

Man 47 years of age, 18 years' financial background, last seven years at present connection in over-the-counter security house, the past two years as partner and proprietor, desires position with Bank or Stock Exchange house in a trading capacity. The Commercial & Financial Chronicle, 25 Spruce St., New York 8, N. Y. Box E-1.

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Twenty-five years in Wall Street. Attention N. Y. Stock Exchange firms, banks, distributing dealers — also out-of-town firms desirous opening small N. Y. office. Experience covers trading, contact and portfolio work—above draft age. Correspondence invited. Box S 8, The Commercial & Financial Chronicle, 25 Spruce St., New York 8, N. Y.

Security Executive

With 20 years experience in all departments of the security business, including the merchandising of securities, would like to negotiate with a Stock Exchange member firm relative to opening a branch office to serve the North-Central counties of Pennsylvania.

Box S 10
The Commercial & Financial Chronicle, 25 Spruce St.,
New York, N. Y.

Amer. Petroleum Industry Surveyed By Chase Bank

The Chase National Bank has issued a 37-page survey of the financial and operating aspects of 30 major companies in the American petroleum industry. The study, prepared by Joseph E. Pogue, Vice-President in charge of the bank's Department of Petroleum Economics, and Frederick G. Coqueron, staff associate, covers the nine-year period, 1934 through 1942.

This study, entitled, "Sources, Disposition, and Characteristics of the Capital Employed by Thirty Oil Companies During the Nine-Year Period, 1934-1942," will be presented by Mr. Pogue as a paper before the Petroleum Division of the American Institute of Mining and Metallurgical Engineers in New York on February 24th.

Copies may be had upon request from the Chase National Bank, Pine Street corner of Nassau, New York City.

McGough and Schuman Admit

Anna M. McGough will be admitted to partnership in McGough & Schuman, 50 Broadway, New York City, members of the New York Stock Exchange, on March 2nd.

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Extensive Changes In World Predicted By Justice Jackson

Justice Robert H. Jackson of the United States Supreme Court predicted, in Toronto, on Feb. 19 that "the world is in for very extensive change and renovation," but he expressed doubt that this country would swing to extremes of right or left, it was said in an Associated Press dispatch from Toronto, on Feb. 19, which continued:

"We in the United States are experiencing what many call a period of confusion in the law," he told the annual meeting of the Canadian Bar Association.

"It is the kind of unsettlement that always extends to the law when organized society itself is in a period of transition. . . . The movement today almost universally is toward advancement of collective interests at the expense of individual interests.

"This, of course, is not to say that we are becoming a collectivist state. Indeed, moderate concessions are thought by some to be the best defense against such extremes. While there are those who resist this drift, our more heated divisions are no longer as to the direction of our movement so much as to its pace."

Many persons, Justice Jackson said, have voiced fears or hopes that the post-war world will move rapidly and sharply either to the right or to the left, and he commented that an extreme movement either way "would utilize existing centralization and socialization and vastly extend it either to serve the supposed interests of a proletariat, as in Russia, or those of a military-industrialist class, as in Germany and Italy."

"Whether enough of our people will give way to extremes to carry the balance either way may be doubted, and if so, any estimate as to which extreme might prevail would hardly rise above a guess," he added.

"But it does seem to me probable that those who have been inclined toward the right will move farther to the right, and that those who have been looking hopefully to the left will go farther to the left. If this transpires, it makes wider and sharper and deeper division among our people as to the very fundamentals of organized life."

The security of democratic institutions may depend on keeping struggles for power from "getting out of legal bounds," with the burden of adjustment and reconciliation falling primarily upon legislators and executives, he said.

S. S. Wells Now With Day In New Haven

NEW HAVEN, CONN.—Sheldon S. Wells has become associated with R. L. Day & Company, members of the New York Stock Exchange, in their New Haven office at 215 Church Street. Mr. Wells was formerly in the Bond Department of Stillman, Maynard & Co., and for many years was in charge of the Trading Department for Maynard, Oakley & Lawrence in New York City.

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February 21, 1944

Barkley Resigns As Senate Democratic Leader In Protest Against Roosevelt Veto Of Tax Bill

The resignation of his post as Democratic leader of the Senate was tendered yesterday (Feb. 23) by Senator Alben W. Barkley of Kentucky in protest against President Roosevelt's veto of the tax bill, which the Senator denounced as a "deliberate and calculated assault upon the honesty and integrity of every member of the Legislature of the United States." Associated Press advices from Washington, as given in the New York "Sun" reporting this, also had the following to say in part:

"Other members may do as they please," he declared; "I do not propose to take this unjustifiable assault lying down."

As the Kentuckian gave up the leadership he has held since 1937 in the closest harmony with the President, he turned to his colleagues and said:

"If the Congress of the United States has any self-respect left it will override this veto and enact this tax bill into law."

Heavy applause roared out through the historic chamber as Senator Barkley concluded his speech. Scores of members of the House, standing along the rear wall, joined in.

Senator Barkley said Mr. Roosevelt deliberately sought to belittle Congress through the tax bill.

"I am one of those who pleaded with the President not to veto this bill," he declared. "I not only advised him not to veto it, I implored him. I did not then believe, nor do I now believe that the veto he has sent to Congress is justified. I make no apology for that."

Mr. Barkley announced to the Senate that he had called a conference of the Democratic majority for 10:30 a.m., tomorrow (Feb. 24) to select a successor and that his resignation would take effect at that time.

In denouncing the President's tax veto message, he shouted that it was "the first time during my long service, which I had thought was honorable, that I have been accused of voting for a bill that would extend relief to the greedy and impoverish the needy."

New York Security Dealers Ass'n Holds Annual Dinner—Attended By More Than 1,000

The 18th annual dinner of the New York Security Dealers Association was atttended by more than 1,000 members and guests, including representatives of the New York Stock Exchange, banking, industry and the Securities and Exchange Commission.

Frank Dunne, President of the Association, welcomed those attending, and in his speech urged "unity in the securities industry," a consideration of the utmost importance, since Wall Street "in the larger sense has been in the 'dog house' for more than a decade."

"Now we in the New York Security Dealers Association," Mr. Dunne declared, "which is a trade association composed principally of small units, maintain that, from the standpoint of public policy, small units should continue to exist. We recognize that there are certain functions where size and capital are a prerequisite—underwriting for instance—but we are just as insistent that there are areas whence, from the standpoint of the public good, we should not be excluded and in which our activities should not be circumscribed by unnecessary artificialities. I refer to such time-honored functions as that of primary market making and intimate customer relationship."

In spite of the lip service "that has been given to the need of maintaining the place of the little fellow in business," Mr. Dunne stated, "his condition, in the over-the-counter industry particularly, has worsened." He concluded with an appeal that "in formulating policies and practices on the problems of the securities business, the approach be made under the framework of what is good for the public and all segments of the industry."

Other speakers were E. Lee Talman, Executive Vice-President of Transcontinental & Western Air, Inc.; Herbert Allen of Allen & Co.; Lt. Jack M. Smith, U. S. Army, recently returned from overseas; Perry E. Hall, partner in Morgan Stanley & Co. and co-Chairman of the Finance Division of the American Red Cross; Commander Edward B. Harp, U. S. N., who served aboard the U. S. S. Hornet from its commissioning in October, 1941, to its sinking.

Reese to Discuss Farm Credit on Feb. 25

"The Successful Use of Farm Credit" will be discussed by Everett D. Reese, President of the Park National Bank of Newark, Ohio, in one of a series of broadcasts sponsored by the Federal Reserve Bank of Cleveland over Station WOSU, Columbus (820 on the dial), from 12 to 12:30, noon, Friday, Feb. 25. Mr. Reese was President last year of the Ohio Bankers Association. His talk will feature the regular Ohio Farm and Home Hour conducted by the College of Agriculture of Ohio State University.

Stanley Killed in Crash

Lt. Arthur W. Stanley, 281 Gardner Road, Ridgewood, N. J., was killed in the crash of a four-motored Army bomber at Millbrook, N. J. Lt. Stanley was formerly a trader for Laird, Bissell & Meeds, New York Stock Exchange firm.

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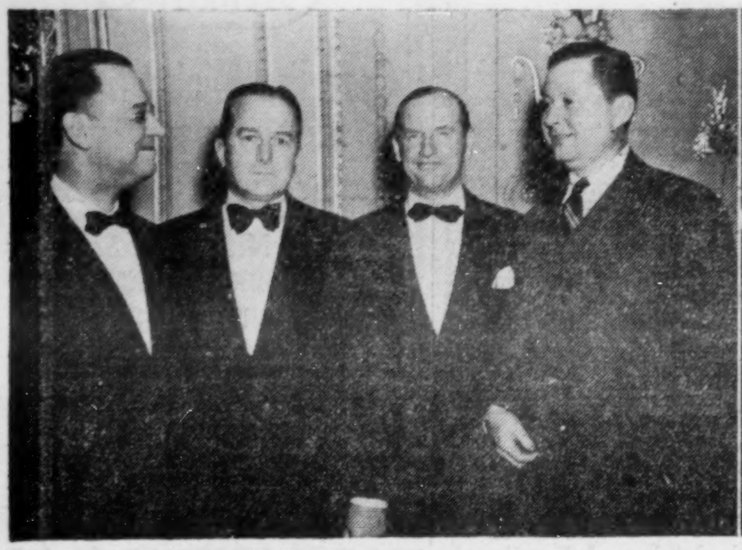
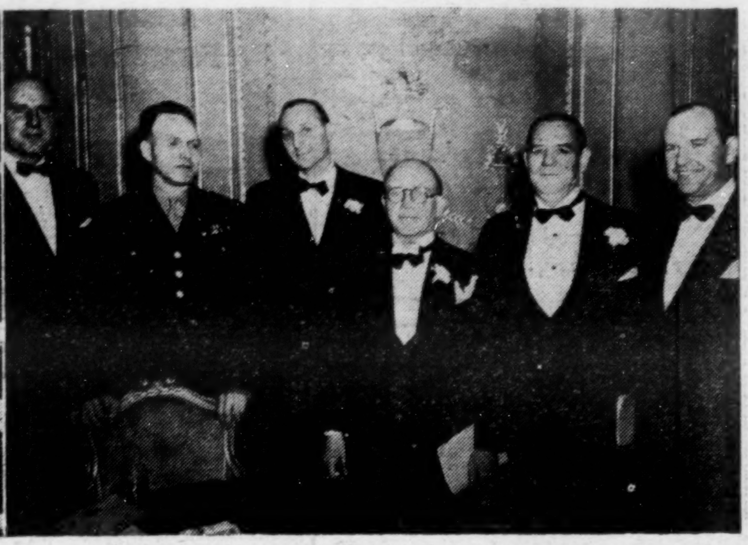
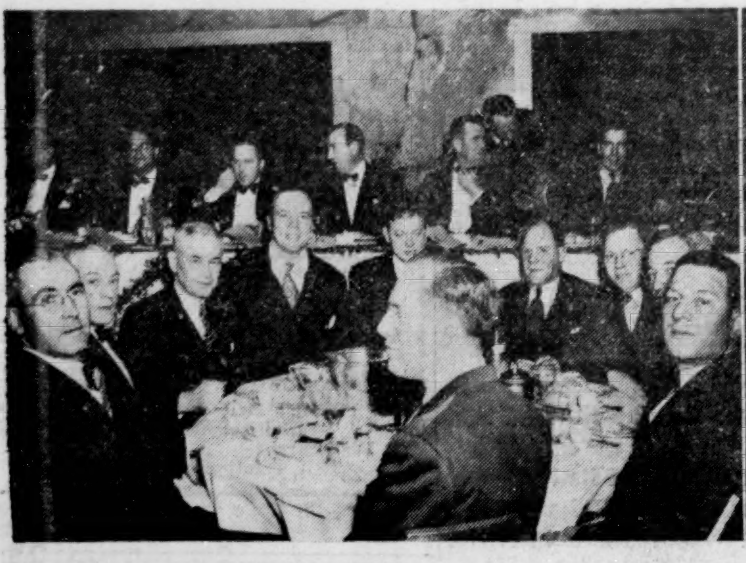


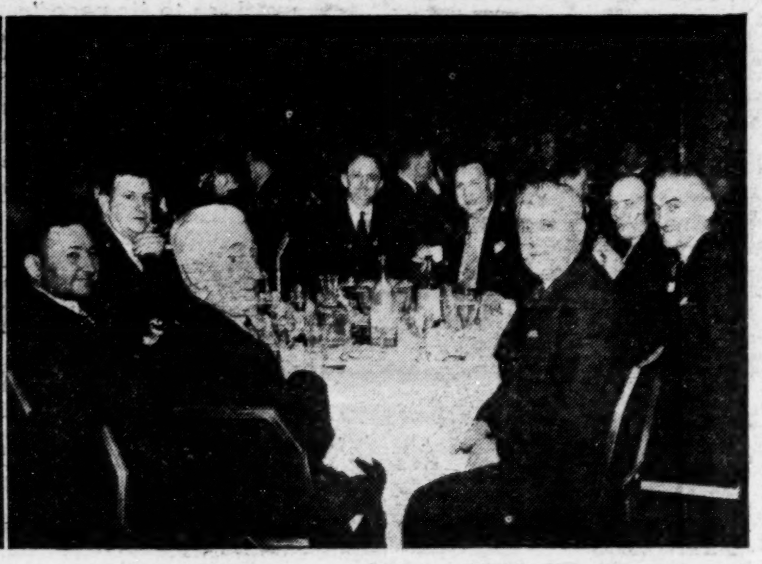
Left to Right: E. Lee Talman, Executive Vice-President of TWA; Perry E. Hall, Morgan Stanley & Co.; Frank Dunne, Dunne & Co.; Hon. Ganson Purcell, Chairman SEC.

Left to Right: Chester E. de Willers, C. E. de Willers & Co.; James J. Caffrey, N. Y. Regional Director, SEC; Phillip C. Kullman. Jr., John J. O'Kane, Jr., & Co.; Abraham M. Metz, Edward A. Kole, E. A. Moree.



Left to Right: C. E. Unterberg, C. E. Unterberg & Co.; Col. Oliver J. Troster, Troster, Currie & Summers; Herbert Allen, Allen & Co.; Otto H. Steindecker, New York Hanseatic Corp.; John J. O'Kane, Jr., John J. O'Kane, Jr., & Co.; Frank Dunne, Dunne & Co.





OUR REPORTER'S REPORT

Public offering of the $16,500,000 first mortgage bonds of the Florida Power Corp., sold by the company in lively competitive bidding yesterday, will be undertaken under a new form of syndicate agreement among the underwriters and their distributors.

This piece of business will be brought to market without benefit of the usual long-standing "price maintenance clause" which has been included in underwriting agreements over a long period of years. It's purpose, as becomes readily apparent, has been to aid in assuring ordering distribution of securities involved during the early stages of the operation.

But recently the underwriting banking world was admonished by the Department of Justice that the latter Federal agency would henceforth regard the inclusion of such a clause in contracts as a violation of the Sherman Anti-Trust Law.

In consequence, it is expected that in the future syndicate managers, where they do not eliminate such provisions entirely in their underwriting agreements, will at least drastically modify the contents of any part of their agreements touching on price maintenance.

Just now the action of the Department of Justice should not prove a serious impediment to the marketing of new issues, since the market is very largely a "sellers'" affair. But perhaps at a later date, when the market is less receptive, it may have repercussions.

Attracts Series of Bids

The Florida Power Corp.'s issue, which is expected to be offered before the end of the week, depending, of course, upon customary Securities and Exchange Commission release to underwriters, brought out a number of syndicate bids.

The spread between the highest and lowest tenders received was not especially marked, indicating that bankers were pretty much in agreement as regards what the market will take at the moment.

The winning bid was 103.7799 for the issue as 3⅜, or a cost basis of 3.18%, while the lowest tender set a price of 105.10398 for a 3½% coupon, figuring a net cost of 3.23%.

Municipals Picking Up

The municipal market received another fillip with the announcement of Comptroller Moore that the State of New York plans the sale of $8.330,000 housing bonds on March 1.

The current week has been one of the busiest recently for the municipal men, bringing out a total of $17,496,000 in new issues, quite close to the week average of $19,314,330. Los Angeles department of water and power was due to receive bids today for $15.000,000 of electric plan refunders.

The proceeds of the projected New York State Housing loan will be distributed to a number of municipalities, including New York City, Schenectady and Niagara Falls, it was explained, to anticipate the needs of such local housing authorities.

Listed Market Quieter

Whether or not the Presidential veto of the new revenue bill was a factor, activity in the seasoned bond market tapered considerably this week from its recent pace.

Presumably the holiday interruption to trading was a factor. And the market, especially among the medium and lower quality railroad issues, evidently had reached a point at which many active traders were inclined to hesitate and take stock of the situation.

But it was the feeling in some quarters that should the Congress sustain the President's veto of the tax bill and undertake to rewrite the measure, it would of necessity have to revise certain corporation rates unless it capitulated and agreed to imposition of a Federal sales tax.

Bid Gets SEC Approval

Another small utility issue moved nearer to market when the SEC approved yesterday acceptance by Northern States Power Co. (Minn.) of a bid of 100.0699 made by an underwriting group for $5,000,000 principal amount of the company's 2¾% first mortgage bonds.

The issue, due 1974, will be priced at 101 for offering to the general public. The company, it was disclosed, received a total of six bids for the bonds.

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

Byrne E. Baldwin retired from partnership in Hayden, Stone & Co. on February 10th.

Prentice Strong, member of the Exchange, will retire from partnership in Doolittle, Schoellkopf & Co. on February 29th. Mr. Strong will form his own investment firm.

Attended By More Than 1,000 Members And Guests

Arno Johnson Says $200 Billion National Production Will Have To Be Maintained

Arno Johnson, Director of media and research for the J. Walter Thompson Company, describing the findings of a lengthy study on post-war opportunities to a meeting of the American Marketing Association, at the Hotel Sheraton, in New York City on Feb. 18, stated that a total national production of all goods and services will have to be maintained at a $200 billion level, compared to a pre-war "prosperity" level of $100 billion, to provide full employment at present prices and levels of production per employed civilian. The New York "Times" of Feb. 18, in which Mr. Johnson's remarks were thus reported, further quoted him as follows:

Mr. Johnson stated four factors will exist which will make full employment "essential." These, he explained, include an increased labor force totaling over 60,000,000 with the return of soldiers, heavy capital investment in war plants and expanded production capacity, the huge Government debt which will require a high level of national income to service it, and a public attitude that will not tolerate widespread unemployment.

"In addition to requiring facilities for production and distribution," Mr. Johnson declared, "full employment at the present rate of productivity will require a consumer demand and purchasing power approximately double pre-war levels. The average productivity per employed person in 1944 is $4,000 a year, this cannot drop below $3,500 in the post-war period without reducing purchasing power."

In two pre-war peak years production approximated $100,000,000,000, Mr. Johnson explained. In these years consumer expenditures for goods and services did not exceed $71,000,000,000, he added. However, in 1944, although the nation is operating on a war economy, consumer expenditures are expected to amount to $92,000,000,000, "more than in any peacetime year," he continued.

"A labor force of 57,000,000 in the post-war period, if used efficiently, could produce $200,000,000,000 worth of goods," Mr. Johnson said. "That would allow $165,000,000,000 to be available as compensation to labor, of which $10,000,000,000 could be invested in savings, another $10,000,000,000 absorbed in personal taxes and $145,000,000,000 for consumer expenditures.

"Surveys have shown that as family income expands there is a tendency for the family to become a better market for consumer goods. However, in many cases, such as housing, the consumer must be convinced of the obsolescence of his old house before he is in the market for a new one. Even though income is doubled and employment is prevalent, there must be a demand for the productivity, and herein the creation of a consumer demand through advertising and other means will play a great part."

"There are many factors which will influence full post-war employment," Mr. Johnson emphasized. "Large pent-up demand for durable goods, probable housing demand, large savings and reduced private debt, new products ready for development, deferred maintenance and repair, export markets and deferred public works will have a favorable influence. However, time and capital required for plant conversion, the shock of temporary unemployment of war workers and returning soldiers, heavy taxation, government bureaucracy and restrictions, probable liquidation of war supplies, maladjustments in the price structure and the sudden stop in the flow of war expenditures will be retarding factors."

"Favorable factors," Mr. Johnson concluded, "outweigh the retarding factors."

The Business Man's Bookshelf

Agricultural Yardsticks — New York State Bankers Association, 33 Liberty Street, New York 5, N. Y.—paper—9¢ (quantity prices on request).

Analysis of State Industrial Development Programs In The Thirteen Southern States—Paul Barnett—University of Tennessee, Knoxville, Tenn. (Published in the University of Tennessee "Record.")

Back To Christ — Elmer H. Youngman — Published by the author, 20 Midwood Street, Brooklyn 25, N. Y.—cloth—$3.00.

Central Banking Functions of the United States Treasury, 1789-1941—Esther Rogoff Taus—Columbia University Press, Morningside Heights, N. Y.—cloth—$3.50.

Constructive Income Taxation—Irving Fisher and Herbert W. Fisher—Harper & Brothers, 49 E. 33rd St., New York City—cloth—$3.00.

Employee Counseling, A Survey of a New Development in Personnel Relations — Industrial Relations Section, Department of Economics and Social Institutions, Princeton University, Princeton, N. J.—paper—$1.00.

International Conciliation for February, 1944—contains address of Field Marshal Jan Christiaan Smuts, Woodrow Wilson Foundation Award; Draft Pact for Future International Authority; The League of Nations and Associated Agencies (by Arthur Sweetser), and World Organization (by the Honorable John J. Parker)—Carnegie Endowment for International Peace, 405 West 117th St., New York 27, N. Y.—paper—5¢.

Inter-War Currency Lessons—John Parke Young—The Monetary Standards Inquiry, 408 Graybar Building, New York 17, N. Y.—paper—10c.

Money and International Trade—John B. Condliffe—The Monetary Standards Inquiry, 408 Graybar Building, New York 17, N. Y.—paper—one copy, no charge—additional copies 10¢ each.

Post War Conditions And Trends—Noel Sargent, Secretary, National Association of Manufacturers — National Association of Manufacturers, 14 West 49th St., New York 20, N. Y.—paper.

Post-War Tax Policy and Business Expansion—Lewis H. Kimmel—The Brookings Institutions, Washington 6, D. C.—paper—50¢.

Postwar Role of Gold, The—Charles O. Hardy—The Monetary Standards Inquiry, 408 Graybar Building, New York 17, N. Y.—paper—10c.

Problems Ahead, Post-War Reconstruction of the World Economy—Gustave Henry Gluck—Columbia University Press, 2960 Broadway, New York 27, N. Y.—board—$1.50.

Rating of Supervisors — Mary Harper Wortham—Industrial Relations Section, California Institute of Technology, Pasadena, Calif.—paper—$1.00.

Report on the Moscow Conference (Address by the Hon. Cordell Hull before the Congress of the United States November 18, 1943) and **Texts of the Cairo and Teheran Declarations** — January 1944 issue of "International Conciliation — Carnegie Endowment for International Peace, 405 West 117th Street, New York 27, N. Y.—paper—5c.

Small Business, Its Place and Problems—Emerson P. Schmidt—Chamber of Commerce of the United States of America, Washington, D. C.—paper.

Sources, Disposition and Characteristics of the Capital Employed by Thirty Oil Companies During the Nine-Year Period 1934-1942—Joseph E. Pogue and Frederick G. Coqueron—Chase National Bank of New York—paper.

Statistical Year-Book of The League of Nations (in French and English) — Columbia University Press, Morningside Heights, New York—paper—$2.50.

Apprize Congress Now On Needed Revision Of Securities Acts: Rep. Buffett

Editor, The Commercial and Financial Chronicle:

Having been in the securities business for some 16 or 17 years myself, I have an intimate knowledge of the operating problems of the security business. For that reason, I find myself in agreement with the article, NASD PROFIT LIMITATION RULE WOULD CLOSE CAPITAL MARKETS TO SMALL BUSINESS, in the "Chronicle" of Feb. 3, and if I can be helpful in that connection I will be glad to do so.

To my mind, one of the most important problems confronting the nation is the necessity for facilitating the financing of small enterprise after the war. If action toward this end requires change or amendment in the SEC Act, it seems to me that those in the investment business should be formulating their plans and suggestions now and getting them before Congress in a practical, concrete way. I will be glad to cooperate in this effort, but the initiative should come from those active in the business.

HOWARD BUFFETT.

House of Representatives, Washington, D. C., Feb. 11, 1944.

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Interesting Utilities

Common stock of Southwestern Public Service and Common w. i. of Delaware Power & Light offer attractive possibilities, according to memoranda prepared by Buckley Brothers, 1529 Walnut Street, Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of these memoranda may be obtained from the firm upon request.

Favorable Outlook

The post-war outlook for Ely & Walker Dry Goods Company is most favorable, according to an interesting study of the situation prepared by Scherck, Richter Company, Landreth Building, St. Louis, Mo. Copies of the study, discussing prospects and performance, may be had from Scherck, Richter Company upon request.

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Ward & Co., 120 Broadway, New York City, have prepared circulars on several situations which currently offer attractive possibilities, the firm believes. Copies of these circulars, on the following issues, may be had from Ward & Co. upon request:

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Available On Request

Schenley Distillers Corporation have prepared an attractive booklet containing the first articles in the series they have been running in the "Financial Chronicle." Copies of this booklet may be had upon request by writing to Mark Merit, in care of Schenley Distillers Corporation, 350 Fifth Avenue, New York 1, N. Y.

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Railroad Securities

The revised plan of reorganization for St. Louis-San Francisco was submitted to the Interstate Commerce Commission last week, bringing with it the usual quickening of speculative interest in the old bonds. The initial plan of the Commission had been turned down by the Court nearly two years ago because of preferential treatment accorded the RFC and RCC claims. This potential source of extended litigation was eliminated by compromise settlement of both claims in cash last year. Also, two underlying liens were paid off, thus simplifying the whole reorganization procedure.

Aside from equipments, which are left undisturbed and therefore not concerned in the reorganization, there are effectively only two claims involved, the Prior Lien bonds and the Kansas City, Fort Scott & Memphis. The Consolidated Mortgage treatment is predicated on the pledge behind it of bonds of these two issues, while the bank loans are treated on the basis of their pledged security of Consolidated Mortgage bonds. Considering the simple nature of the capitalization involved, and the fact that the plan represents the compromise views of the protective committees for all of the bonds and has been approved by the bond trustees, it is hoped and expected that progress from here on may be fairly rapid.

The hearings lasted only one day and objections were confined to those of the debtor itself. Objections on the part of the debtor are routine in railroad reorganizations and consistently have failed to make any headway in the various courts. Their only effect has been a measure of delay injected into the proceedings, but the length of such possible delays will probably be reduced materially by the consistency with which appeals to the higher courts have been unsuccessful.

The mere mechanics of the reorganization preclude any real speed, but considering all of the favorable factors in the Frisco situation it is expected that the final Commission plan may be forthcoming before summer. Except for minor questions of bond provisions, and the possibility of some dividend restrictions, it is generally taken for granted that the final plan will closely follow the compromise proposal.

Proposed security allocations are as follows:

	Cash	1st 4s	Income 4½s	Preferred	Common
Fort Scott 4s, 1936	$61.34	$733	$267		
Prior Lien 4s, 1950	15.36	219	171	$332	6.67 Shs.
Prior Lien 5s, 1950	25.39	233	182	353	7.10
Consolidated 4½s, 1978	21.05	221	158	174	3.48

The reorganization is not so drastic as that of Rock Island and the new securities will probably not sell so high in early when-issued trading. Nevertheless, under current market conditions the new 1st 4s might be appraised at 100, the Incomes at 60, the preferred at 35 and the common at 15. On such a basis the indicated value of the old bonds would be as listed below. The table also shows the price at which the old bonds should sell to afford an arbitrage spread of 20%, compared with recent market prices.

	Projected Value	*Projected Price	Recent Market
Fort Scott 4s	$954.54	79½	83
Prior Lien 4s	553.21	46⅛	44⅜
Prior Lien 5s	597.64	49¾	48½
Consolidated 4½s	449.95	37½	36¾

*On basis 20% arbitrage spread.

On the basis of the above calculations the various bond issues obviously appear fully valued, leaving little more than the prospective closing of the arbitrage as the date of consummation of the plan as a profit margin, unless general speculative markets improve. Many rail men have, therefore, advised taking profits at this time.

The one potentiality of any substantially greater values appears to lie in the possible accumulation of a large additional cash balance prior to consummation of reorganization, and distribution of that cas hto bondholders. The plan provides for such a possibility, but further specifies that at least initially such cash shall be applied against the cash allocated in the plan itself. Thereafter, it is possible that cash distributions would merely be charged against interest and/or dividends on new securities allocated.

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Pollak Manufacturing
Capital Stock

Equity	$16.35
Working Capital	8.00
9 Mos. Earnings	4.49

Recent price 8¼

Analytical discussion on request

Raymond & Co.
148 State St., Boston, Mass.
Tel. CAP. 0425 : : Teletype BS 259
N. Y. Telephone HAnover 2-7914

Attractive Situation

Capital stock of Pollak Manufacturing offers interesting possibilities, according to a detailed discussion of the situation prepared by Raymond & Co., 148 State Street, Boston, Mass. Copies of this study may be had upon request from Raymond & Co.

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63 Wall Street, New York 5
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Tax Bill Vetoed By President — Says Measure Affords Special Privileges To Favored Groups

President Roosevelt, who had previously indicated his disapproval of the $2,315,200,000 tax bill recently passed by Congress, vetoed the measure in a message sent to Congress on Feb. 22. Reference to the adoption on Feb. 7 by the Senate and House of the bill as agreed upon by the conferees appeared in our issue of Feb. 10, page 600. On Feb. 22, House Ways and Means Committee members (it was reported in Washington advices to the New York "Journal of Commerce") meeting in a closed session that afternoon, were understood to have presented a 20-5 front in favor of overriding the President's veto. Said the advices from which we quote:

Among members who took a stand against the President's position was Representative A. Willis Robertson (Dem., Va.). Mr. Robertson has been a proponent of a stiff revenue program to meet wartime needs. Chairman Robert L. Doughton (Dem., Va.) announced he will vote to enact the tax bill over the veto.

While the showdown will not come until Thursday (Feb. 24) when the House vote will be taken after a one-hour debate, leading members of the Ways and Means Committee prepared to take the House floor tomorrow in a discussion on the issue.

In his veto message the President stated that the measure "purports to increase the national revenue by a little over $2,000,000,000. Actually, however, the bill in its net results will enrich the Treasury by less than $1,000,000,000."

He referred to the fact that "many months ago, after careful examination of the finances of the nation, I asked the Congress for legislation to raise $10,500,000,000 over and above the existing revenue system. Since then persons prominent in our national life have stated in no uncertain terms that my figure was too low." "As a tax bill," he said, "I am compelled to decide that it is wholly ineffective toward that end." He declared it to be "not a tax bill, but a tax relief bill providing relief not for the needy but for the greedy." He described the bill as "replete with provisions which not only afford indefensible special privileges to favored groups but sets dangerous precedents for the future."

As we have heretofore indicated (Feb. 3, page 523), the bill as finally agreed upon, freezes social security for old age and survivors' benefits at 1% for 1944, instead of permitting the rates to double on March 1, as provided in existing law. Taking cognizance of this, the President said:

"The bill purports to provide $2,100,000,000 in new revenues. At the same time it cancels out automatic increases in the Social Security tax which would yield $1,100,000,000. In addition, it grants relief from existing taxes which would cost the Treasury at least $150,000,000 and possibly much more."

The President raised other objections to provisions of the bill, stating, among other things, that "it ignores the most obvious step toward simplifying taxes by failing to eliminate the clumsy Victory tax."

"In regard to that part of the bill which relates to wholly unobjectionable tax increases," the President suggests to Congress "that the excise taxes can easily and quickly be levied." He further says: "This can be accomplished by the passage of a simple joint resolution enacting those provisions of the bill which increase the excise taxes. I should be glad to approve such a measure. This would preserve the principal revenue provisions of the bill without the objectionable features I have criticized."

The President's message follows:

I return herewith, without my approval, H. R. 3687, entitled "An Act to Provide Revenue, and for Other Purposes."

I regret that I found it necessary in the midst of this great war to be compelled to do this in what I regard as the public interest.

Many months ago, after careful examination of the finances of the nation, I asked the Congress for legislation to raise $10,500,000,000 over and above the existing revenue system. Since then persons prominent in our national life have stated in no uncertain terms that my figure was too low.

The measure before me purports to increase the national revenue by a little over $2,000,000,000. Actually, however, the bill in its net results will enrich the Treasury by less than $1,000,000,000.

As a tax bill, therefore, I am compelled to decide that it is wholly ineffective toward that end.

More specifically the bill purports to provide $2,100,000,000 in new revenues. At the same time it cancels out automatic increases in the Social Security Tax which would yield $1,100,000,000. In addition it grants relief from existing taxes which would cost the Treasury at least $150,000,000 and possibly much morse.

In this respect it is not a tax bill, but a tax relief bill provding relief not for the needy but for the greedy.

The elimination of automatic increases provided in the Social Security Law comes at a time when industry and labor are best able to adjust themselves to such increases. These automatic increases are required to meet the claims that are being built up against the Social Security Fund. Such a postponement does not seem wise.

The clause relating to renegotiating of war contracts terminates the present renegotiation authority on Dec. 31 of this year. This seems unwise at this time because no person can at present determine what a renegotiation time limit should be. More experience is needed. The formal right of appeal to the Tax Court that is granted by this bill is an inept provision. The present Tax Court exists for a wholly different purpose and does not have the personnel or the time to assume this heavy load.

The bill is replete with provisions which not only afford indefensible special privileges to favored groups but set dangerous precedents for the future. This tendency toward the embodiment of special privileges in our legislation is in itself sufficintly dangerous to counterbalance the loss of a very inadequate sum in additional revenues.

Among these special privileges are:

(a) Permission for corporations reorganized in bankruptcy to retain the high excess profits credit and depreciation basis attributable to the contributions of stockholders who are usually eliminated in the reorganization. This privilege inures to the benefit of bondholders who, in many cases, have purchased their bonds in the speculative market for far less than their face value. It may open the door to further windfall profits in this market because of the undeserved benefit received by reorganized corporations.

(b) Percentage depletion allowances, questionable in any case, are now extended to such minerals as vermiculite, potash, feldspar, mica, talc, lepidolite, barite and spodumene. In the case of some of these minerals the War Production Board refused to certify that current output was inadequate for war needs.

(c) The lumber industry is permitted to treat income from the cutting of timber, including selective logging, as a capital gain rather than annual income. As a grower and seller of timber, I think that timber should be treated as a crop and therefore as income when it is sold. This would encourage reforestation.

(d) Natural gas pipe lines are exempted from the excess profits tax without justification and in a manner which might well lead oil companies to request similar treatment for their pipe lines.

(e) Commercial airlines are granted an unjustifiable extension of the tax subsidy on their airmail contracts.

It has been suggested by some that I should give my approval to this bill on the ground that having asked the Congress for a loaf of bread to take care of this war for the sake of this and succeeding generations, I should be content with a small piece of crust. I might have done so if I had not noted that the small piece of crust contained so many extraneous ond inedible materials.

In regard to that part of the bill which relates to wholly unobjectionable tax increases, may I respectfully suggest to the Congress that the excise taxes can easily and quickly be levied. This can be accomplished by the passage of a simple joint resolution enacting those provisions of the bill which increase the excise taxes. I should be glad to approve such a measure. This would preserve the principal revenue provisions of the bill without the objectionable features I have criticized.

In another most important respect this bill would disappoint and fail the American taxpayers. Every one of them, including ourselves, is disappointed, confused and bewildered over the practical results of last year's tax bill. The Ruml plan was not the product of this Administration. It resulted from a widespread campaign based on the attractive slogan of "pay-as-you-go." But, as was said many years ago in the State of New York in regard to that same slogan, "You don't pay and you don't go."

The nation will readily understand that it is not the fault of the Treasury Department that the income taxpayers are flooded with forms to fill out which are so complex that even certified public accountants cannot interpret them. No, it is squarely the fault of the Congress of the United States in using language in drafting the law which not even a dictionary or a thesaurus can make clear.

The American taxpayer has been promised of late that tax laws and returns will be drastically simplified. This bill does not make good that promise. It ignores the most obvious step toward simplifying taxes by failing to eliminate the clumsy Victory tax. For fear of dropping from the tax rolls those taxpayars who are at the bottom of the income scale, the bill retains the Victory tax—while at the same time it grants extensive concessions to many special interest groups.

The suggestion of withholding at graduated rates, which would relieve millions of people of the task of filing declarations of estimated income, was not adopted.

I trust, therefore, that the Congress, after all these delays, will act as quickly as possible for simplification of the tax laws, which will make possible the simplification of the forms and computations now demanded of the individual taxpayers. These taxpayers, now engaged in an effort to win the greatest war this nation has ever faced, are not in a mood to study higher mathematics.

The responsibility of the Congress of the United States is to supply the Government of the United States as a whole with adequate revenue for wartime needs, to provide fiscal support for the stabilization program, to hold firm against the tide of special privileges, and to achieve real simplicity for millions of small income taxpayers.

In the interest of strengthening the home front, in the interest of speeding the day of victory, I urge the earlist possible action.

FRANKLIN D. ROOSEVELT,
The White House.

Du Mont Lab. Attractive

The current situation in Du Mont Laboratories offers attractive possibilities according to a memorandum issued by J. F. Reilly & Co., 111 Broadway, New York City. Copies of this interesting memorandum may be had from the firm upon request.

Now Wm. J. Collins & Co.

(Special to The Financial Chronicle)

PORTLAND, ORE. — The firm name of Warrens, Bosch & Floan, Porter Building, has been changed to William J. Collins & Co.

MAJESTIC RADIO NEWS

"Standings of the Stars"

Fibber, Hope Seesaw

Honors for this week's Monarch of the Air go to Bob Hope who supplants Fibber McGee in first place. This has been a seesaw battle for weeks between the two. The Radio Theatre is again in the Top Fifteen in 6th place after dropping off because a special War Loan show used its time on January 17th. Other rankings show little change.

Majestic Radio News No. 2
February 15, 1944

THE STANDINGS OF THE STARS

National Program ratings of your 15 Best-liked Shows from Hooper Radio Reports

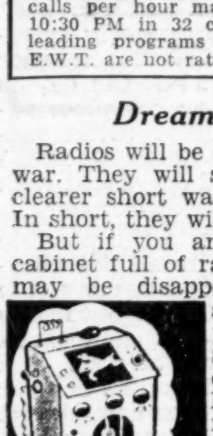
PROGRAM	RATINGS	
	Present	Jan. 30
Bob Hope	1	2
Fibber McGee & Molly	2	1
Charlie McCarthy	3	3
Jack Benny	4	4
Aldrich Family	5	5
Radio Theatre	6	8*
Joan Davis & Jack Haley	7	6
Walter Winchell	8	10
Abbott & Costello	9	7
Bing Crosby Music Hall	10	11
Frank Morgan & Fanny Brice	11	9
Mr. District Attorney	12	8
Screen Guild Players	13	16
Take It or Leave It	14	13
Kay Kyser	15	12

*Dec. 30 ranking. Not broadcast Jan. 17.
Note: Red Skelton leads all programs broadcast after 10:30 PM E.W.T.
Ratings are based on 2500 telephone calls per hour made from 6 PM to 10:30 PM in 32 cities. Thus, several leading programs heard after 10:30 E.W.T. are not rated.

Dream Radios

Radios will be different after the war. They will sound truer, have clearer short wave, improved FM. In short, they will be better radios.

But if you are dreaming of a cabinet full of radio miracles, you may be disappointed when the alarm clock of peace goes off. Some of the glamour gadgets you have heard about may be fine for wartime use but what you want is a better home radio.



Like every other radio maker now building war equipment for Uncle Sam, Majestic has an eye out for the future just to give you all the advancements that precision war work and research have uncovered.

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Majestic
RADIO TELEVISION ELECTRONICS
MIGHTY MONARCH OF THE AIR
MAJESTIC RADIO & TELEVISION CORPORATION
CHICAGO

ADVERTISEMENT

NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number twenty of a series.*
SCHENLEY DISTILLERS CORP., NEW YORK

The Mail Bag

For some weeks this series of articles has appeared from time to time in your newspaper. We felt that since ours is a product that enjoys nation-wide distribution, many of those who continually buy our brands, might be interested in a type of advertising that is quite off the beaten road.

Well, we have had a good average thus far (knock wood), and we are leading up to something. Hundreds of letters have come to us from our readers . . . gratifying letters, most of them. But, in spite of our studied efforts to avoid controversy, we do "come a cropper" once in a while. Whenever a fellow bursts out in print, he invites a rabbit punch on his occipital. So, we have received perhaps eight or ten highly-spiced, extremely pungent epistles—dressing us down unmercifully. All of these letters—happily in the minority—followed the story about our friend, the Judge, who said he resented the implication that he is a partaker of "intoxicants" just because he enjoys a highball with his dinner.

Well, you good people who don't like us—we *believe* in *minority* opinions and *minority* rights. Just so long as we have divergent opinions in this country, openly and honestly expressed . . . just so long are we balanced and safe. We wouldn't have it any other way. If this writer were a Voltaire, he would put it this way, "I do not agree with what you say, but I will defend to the death your right to say it!"

When a nation has only *one* ruling opinion—*one* dictatorial voice—then farewell to the civilization we, in America, are determined to retain. When only *one* voice dares speak, the people are no longer articulate . . . they speak only with a shrug of the shoulders . . . a bite of the lips . . . a look in the eyes . . .

We, in the Distilled Spirits Industry, are here because the "voice" of America, by an overwhelming majority at the polls, ten years ago, *voted us in*. We shudder to think of what would be going on today, if the conditions that prevailed during prohibition were still with us. Then we really *would* have a job on our hands. Gangsterism in our own country and gangsterism abroad!

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FREE—*A booklet containing reprints of earlier articles in this series will be sent you on request. Send a post-card to me care of Schenley Distillers Corp., 350 Fifth Avenue, New York 1, N. Y.*

UTILITY PREFERREDS

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ESTABLISHED 1879

Public Utility Securities

Central Illinois Electric & Gas

Consolidated Electric & Gas Company on Dec. 22 registered with the SEC 400,000 shares of common stock of Central Illinois Electric & Gas, one of its larger subsidiaries. Sale was approved about Feb. 8th but instead of permitting a negotiated deal with Central Republic Co. (a Chicago banking house with a New York office), the Commission required competitive bidding. Allen & Co. and associates made a somewhat higher bid ($17.63) than Central Republic and offered the stock publicly at 19⅛ on Feb. 17. Allen had also been the successful bidders for the stock of Derby Gas & Electric Company early in January.

Central Illinois is a "mixed" utility company serving Rockford, Freeport, Lincoln and smaller communities in Illinois. Revenue is derived about 61% from sale of electricity, 23% from gas (partly natural and partly manufactured), 13½% from business in Rockford, and 2% from water and steam heating. The territory is well diversified, industrially and agriculturally; manufacturing companies in Rockford produce over 5,200 different items. The company's residential rates are said to be among the lowest in the State, the average domestic revenue per kwh. for the 12 months ending September 30, being 3.71¢.

Conforming to an order of the Illinois Commerce Commission, the company has eliminated from its balance sheet all plant adjustment items (account 107) and has provided a reserve of $2,179,103 against plant acquisition adjustments (account 100.5). In addition, 90% of the excess over dividends paid (with a minimum of $100,000 per annum) will be added to the reserve, which it is estimated will be sufficient to write the plant down to "aboriginal cost" in less than 20 years. The book value of the common stock, after making these adjustments, was $14.13.

The company has no preferred stock, capitalization being approximately 72% debt and 28% common stock. Dividends on the common stock have been paid since 1931, averaging about $1.35 on the present capital set-up for the period 1937-43. The common stock is to be placed on a $1.30 dividend basis. While $1.92 a share was reported earned in 1943 compared with $1.88 for 1942 and $1.83 in 1941, these amounts would not be available for dividend payments due to certain restrictive provisions regarding depreciation, maintenance and reserves (required by the bond indenture and the order of the State Commission). It appears that the $1.30 rate can be paid without difficulty, though the various restrictive provisions have not been fully clarified.

Favorable post-war factors effecting earnings are the intention of the management to convert fully to natural gas and to add to electric generating capacity in Rockford. Also, excess profits taxes in 1943 amounted to $2.21 a share and repeal of such taxes might increase earnings by more than $1 per share.

At the recent offering price of 19⅛, the stock yields about 6.8% and the price earnings ratio is approximately 10, though the latter figure may vary with differing interpretations of the dividend restriction orders. These figures appear about in line with those of similar issues.

Puget Sound Power & Light
Common Stock

BOENNING & CO.
1606 Walnut St., Philadelphia 3
Pennypacker 8200 PH 30
Private Phone to N. Y. C.
COrtlandt 7-1202

Revised Rules Covering Appeals From WMC Decisions Announced

Unrestricted right of appeal from decisions of the War Manpower Commission is provided in a revision of its regulation governing appeals, Chairman Paul V. McNutt announced on Feb. 15. Mr. McNutt said that the changes were dictated by the Commission's experience in handling thousands of cases. The announcement added:

"The original WMC regulation issued May 22, 1943 specifically indicated those persons entitled to appeal and spelled out under what conditions appeals could be made.

"The new regulation, furthermore, extends the right of appeal both to worker and employer affected by a decision made at any step of the appeal process. Both persons involved must be present at the hearing before the area appeal committee or explain absence, but otherwise there are no restrictions on the right to take the case higher.

"Other changes in the appeal regulation involve points which experience has shown needed either clarification or minor technical revision. There has been, for example, some confusion on the question of a worker's right to retain new employment obtained on the strength of a statement of availability, if the employer has appealed and it has been finally determined that the statement was erroneously issued.

"The revised regulation holds that a statement of availability, once issued, stands. The employer may appeal as a matter of principle or precedent but he cannot demand that the statement of availability be withdrawn or that the worker be required to leave his new employment. In order to provide a means of reviewing the action of local employment offices before the services of a worker are lost to an employer, the revised regulation provides an optional procedure for temporary suspension of the issuance of statement of availability and making referrals in certain types of cases. The suspension may be for a limited period only, the maximum period allowable being ten days. This procedure is designed to give employers the greatest degree of relief consistent with protection of the rights of workers."

Future Of Air Transportation

(Continued from first page)

tunity, and in significance to the future of America. In considering the future of air transportation, it is appropriate briefly to review the present size and nature of the business and some of the problems which must be solved, before our possibilities can be turned into realities.

The airlines receive a lot of publicity. The amount of this publicity conveys the impression that we are **already** "Big Business," but we are **not** "Big Business" in terms of dollars invested or equipment operated. We feel that we **are** "Big Business" in terms of results.

How many airplanes does the domestic airline industry operate? If you ask the average person you will probably get answers up in the thousands. The facts are that the entire industry currently operates a grand total of 186 airplanes and during 1943 operated an average of only 175 airplanes. Last year, with this small fleet, the industry carried in excess of 3,200,000 passengers, 55,000 tons of mail and 31,000 tons of express.

The industry has been able to handle this enormous volume of business only because of intense utilization of equipment. On the average, our entire fleet of planes is kept flying in the air 12 hours out of each 24. Although airline traffic is still small as compared with railroads, it is interesting to observe that, in 1941, airline passenger traffic was about 22% of Pullman travel. As an illustration of the high rate of efficiency of our equipment and of the dollars invested in our business, it is appropriate to note that the average gross revenues of each airplane operated by the major airlines last year was five times the original investment in the plane itself. In other words, every dollar invested in aircraft produced five dollars of gross revenue.

Our industry has come a long way since we were almost wholly dependent upon mail revenues. In 1931 mail revenues were **82%** of total revenues, whereas in 1943 mail revenues approximated only **17%** of the total. Mail rates in the last 10 years have decreased from $8 a ton-mile to only 60¢ a ton-mile today, a decrease of **92.5%**. Passenger rates were 12¢ a mile in 1929 as compared with approximately 5¢ a mile today.

Commercial air transportation, essential in peace and vital in war, is but a small part of the job being accomplished by the airlines. A high percentage of airline personnel has joined the armed forces. This percentage for our industry is unusually large because of the relative youth of our personnel. Furthermore, our personnel has been of especial value to the military because of previous training in air transportation.

But manpower was not the only resource of the airlines which went to war. Approximately 50% of our airplanes were turned over to the Army for military use.

Aside from the contribution of manpower and equipment, the airlines are playing an important role in the nation's war effort. I cite our war accomplishments, not to boast about what we have done, but merely to indicate that we are capable of doing the Herculean task which faces us after the war.

A few days after Pearl Harbor, TWA received its first important war-transport assignment and transferred title to its stratoliners to the Army, agreeing to operate them wherever needed. At that time these stratoliners were the only 4-engine equipment in commercial service within the United States. Within 10 weeks the first flight was on its way to Africa with urgently-needed men and supplies. It ran only 50 seconds behind schedule on its first crossing. In the ensuing 18 months more than 1,100 trans-Atlantic crossing were completed by TWA crews. These are more trans-Atlantic crossings than had been flown by all aircraft of all nations prior to Pearl Harbor. In these stratoliners and other four-engine transports our crews (in Air Transport Command uniforms) have carried presidents and ambassadors, kings and queens, admirals and generals, the sick and wounded of the battlefields and hundreds of tons of critically-needed materials and supplies. This passenger list reads like a Who's Who of the United Nations. A long list of other special military assignments have been accomplished by my company. Although TWA pioneered in many of these undertakings, I would not have you think that we were the only airline that has done an important war job. Each of the domestic airlines has played an important part and the industry can well be proud of the fact that not a single company has failed in these vital war assignments.

Public interest in air transportation has been greatly stimulated by the war. Thus the industry is repeatedly confronted with many questions relating to our post-war plans. As financial men who seek to appraise the future of commerce and industry, you also may well be concerned with these questions.

In your business you are called upon daily to forecast the future. I hope that I do not malign your forecasts if I say that they sometimes fall short of being perfect. On the other hand, you allow yourself a reasonable margin of error. If you will accord me the same latitude, I will venture to answer a few of these questions.

One of the questions frequently asked is: "To what extent are the airlines subsidized?" The facts are that the Post Office Department paid all domestic air carriers $22,500,000 for the carriage of airmail in fiscal 1943 and received at least $60,500,000 from the sale of airmail postage. This leaves a gross profit to the Post Office Department of $38,000,000 or over **62%**. There are certain ground expenses of the Post Office Department other than direct payments to the air carrier, but even the most liberal allocation of ground expenses to airmail would still leave the Post Office Department with a profit of millions of dollars. And now the revenue bill passed by Congress will increase airmail postage rates from 6¢ to 8¢. Thus airmail postage may become not merely a means of recovering the cost of airmail but also a means of taxation for other purposes, and airmail becomes the subsidizer—not the subsidee.

Another popular question is: "What future rates will be charged by the airline?" Some individuals seem to be vieing with each other in making the most extravagant promises as to future air fares. I have been tempted to outdo them all by predicting a $10 fare to London with week-end expenses at the Savoy thrown in.

(a) Seriously, however, express rates should and will be reduced sharply. The rate per pound for express is now slightly higher than the rate per pound for passengers, despite the fact that passengers require more service. It is reasonable to expect that cargo rates in the future will bear a more direct relationship to their relative cost.

(b) There is every reason to believe that prices in general will attain a higher level after the war than before. Airline operations are particularly vulnerable to increased price levels because of large payrolls in relation to total costs. Consequently, when faced with rising costs and the need of reducing cargo rates, I do not look for substantial reductions in passenger fares immediately following the war. **On the other hand,** the relative cost of air transportation will be lowered because, as the price of all other goods and services goes up, an effective reduction will result in the "real" cost of transportation.

Still other questions include: "What kind of planes will be used in the post-war period?" "Will military transport planes be adapted to future commercial use?" "What other important technical developments are in the wind?"

There is, obviously, no single "airplane of the future." Specialized designs will be required for different types of service. By all odds, however, the most important technical development in transport aircraft is the Constellation, which was conceived by the President of TWA, Jack Frye, in collaboration with the famous Howard Hughes, who is known to all of you. Military restrictions do not permit disclosure of the specifications or performance of this high-altitude, long-ranged, 4-engined airplane. However, the Constellation which is flying today excels in actual performance even the paper performance of other advanced transports. These airplanes will be made available to TWA when they are no longer required by the military services.

As to other spectacular developments in aviation, we have learned never to say, "It can't happen." The fancy of the public has been captured by the helicopter, the glider and by jet propulsion. However, none of them seem to have reached the stage of development which would permit a careful person to believe that they would be of economic importance in the immediate future.

Radar is a technical development which will have far-reaching commercial importance. Radar and its related science will permit the safe navigation and landing of aircraft under almost any weather condition. In the past, the airlines have properly sacrificed reliability of service in order to achieve safety, but the day is near at hand when complete reliability of schedules (even surpassing surface transportation) can be maintained consistent with the highest standards of safety.

The question as to the possible use of military aircraft for commercial purposes following the war must be divided into two parts: First, Of what commercial value are fighter aircraft and bombers? A fighter and a bomber are of no more use as commercial transports than PT-boats or battleships would be as commercial vessels.

The second part of the question is whether or not military transports are useful for commercial operations. The factor which determines the commercial value of a plane, assuming that its basic design is satisfactory, is the cost of operation. The initial investment in an airplane, and the resulting depreciation, is only one element of cost. Thus it is entirely

(Continued on page 803)

To Form Karp & Co.

Paul Karp will acquire the New York Stock Exchange membership of the late George C. White on March 2nd and will form the Exchange firm of Karp & Co. in partnership with Julius Alexander. Mr. Karp has recently been active as an individual dealer; prior thereto he was a partner in Karp & Power. Mr. Alexander was formerly a partner in Kerngood & Co.

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Tomorrow's Markets Walter Whyte Says——

Market action based on tax bill veto may prove disappointing—Reaction of few points more likely—Look for utilities to step out

By WALTER WHYTE

I believe that people whose buying and selling is based on knowing what is going on around them had previously made up their minds as to what the market's reaction will be to veto of the tax bill. It is, of course, unnecessary to say that the rank and file who know nothing of the action of taxes on the market, look for a rally.

* * *

However, it seems that current market uncertainty reflects not potential taxes but developments more far-reaching. Two or three months ago higher and higher quarters were sounding off on about how soon Germany would collapse, the time being variously given as anywhere from one month to one year. Following up this "inside" speculation, business began making plans for a return to peace-time activities. The same or equivalent quarters then let it be known that once Germany was taken care of all efforts would be turned against the Japanese. In the latter case the clean-up would take anywhere from one to five years.

* * *

It has occurred to me that the entire situation may well be reversed. No matter how

(Continued on page 814)

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How Is Invasion Likely To Affect The Market?

(Continued from page 786)

The Stock Market Reception

On the initial days of the invasion, there may be little market response, but such as occurs is more than likely to be downward, as uncertainty, which would be present initially at least, is usually an unfavorable market factor.

The fact that invasion is practically certain, and in the comparatively near future, has been known for some time. The present atmosphere is not unlike that prevailing in the Summer of 1939. At that time it had been known for months that war clouds were gathering. During August, 1939, with the outbreak of war imminent, the market maintained a mildly downward trend, and when the war actually began on Sept. 1 there was only a period of a few hours of further weakness, followed by sharp recovery.

The stock market usually holds reservations concerning a future event until it transpires, and no matter how clearly the event seems to be recognized by the course of prices—in other words, to be discounted—the actual occurrence more often than not will bring some further market response.

"Early Peace" Psychology

Last July, upon the news of Mussolini's downfall, there was a sharp decline in the market, due to the sudden burst of "early peace" psychology combined with an overdue reaction after almost 15 months of rising prices.

Early in November the market broke again, and the reason generally ascribed to the reaction was fear of the economic consequences of a sudden ending of the war—fear of peace. The basis for this fear was a theoretical projection of a severe recession in business to be anticipated before post-war prosperity would arrive, and this fear, in our opinion, was exaggerated. There appears no sound reason to couple the prospect of temporarily depressed business conditions and corporate profits with a substantial decline in stock prices.

In the last few years while employment, national income and production have expanded greatly, corporate profits after taxes and reserves have shown much more moderate increases. Since three factors—excess profits taxes, renegotiation of contracts and contingency reserves—have prevented profits from rising in line with increasing production, they should prevent profits from falling with decreasing production, so that a decline in production would be largely absorbed by these cushions. Consequently there should not be a corresponding decline in profits and, in turn, in stock prices—which did not even rise commensurately with such rise in profits as did occur.

The Market's Selectivity

In the last two years the market, in its upswings and downswings, has repeatedly made efforts to discount peace, and this process has been largely responsible for the extreme selectivity manifested. Hence, not only will the invasion come as no great shock to the market, but a large part of the discounting of its aftermath must already have been accomplished — "peace" stocks having risen to discount their favorable prospects, and "war" stocks having lagged or declined to discount their unfavorable or uncertain prospects.

It seems to us, therefore, that the stock market has already to a considerable degree adjusted itself to an expectation of a relatively early peace, so that war developments, unless totally unexpected and unfavorable, are not likely to cause a wide diversity of movements within the market such as have been witnessed during the past two years.

For months, transition and post-war problems have been studied by business executives and Government officials, and intelligent plans have been made, so that the prospect of peace when it comes need not and should not be so much of a disturbing apparition as seemed the case last year.

At present the market seems to be marking time. The narrow range within which the market as a whole has moved this year indicates that it is waiting for some development to take it out of its doldrums, and that development is probably invasion. . . .

If the invasion moves on what may be called expected schedule, and stock prices are in their present range, the market, continuing the process of discounting peace and transition, will probably decline, but only moderately so, since the trend has been downward over-all for months, and the reaction could be followed by development of considerable strength.

If when invasion occurs the market is much higher than it is now, we believe that the news will result in a sharper decline than if the news comes when the market is somewhat lower. It is conceivable that should the market at that time be substantially lower it might even rally.

If the invasion is successful beyond expectation, the immediate decline should be more rapid and less orderly. Severe military setbacks would be psychologically unfavorable, but war-benefited issues would be relatively strengthened and "peace" stocks weakened.—From "Investment Timing" of Feb. 10, 1944, issued by Economics and Investment Dept., National Securities & Research Corporation, New York.

Milwaukee Bond Club Elects Bickel Pres.

MILWAUKEE, WIS.—Clarence A. Bickel, of The Wisconsin Company, was chosen President of the Milwaukee Bond Club at the Association's annual meeting and winter party held at the Milwaukee Athletic Club. He succeeds Gerald B. Athey, of Merrill Lynch, Pierce, Fenner & Beane. Joseph Carson, Loewi & Co., was named Vice-President, and Iver Skaar, Harris, Upham & Co., was re-elected Secretary-Treasurer.

Members of the board of governors chosen were: Mr. Athey; Charles W. Brew; August Engelke, A. C. Best & Co.; William Johnson, Mason, Moran & Co.; Fred M. Koepp, James E. Bennett & Co.; and Edwin B. Rhoda, The Milwaukee Company.

N. Y. C. Banks Sources Of Income; Govt. Bondhldgs.

Laird, Bissell & Meeds, 120 Broadway, New York City, members of the N. Y. S. E., have prepared breakdowns of sources of income and of United States Government bondholdings of the New York City banks. Copies of this interesting tabulation may be had from the firm upon request.

Trading Markets

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An Attractive Equity Situation

The following article was prepared for publication in March, 1943, but was held up for another article and subsequently lost in the shuffle. We print it now just as it was written at that time. We believe it is interesting now, as the facts in relation to the issue now seem even better than the article predicted. $57.50 interest is being paid Feb. 28, 1944, and the current market is around the 50 level.

◆

The 25-story office and loft structure erected in 1928 at the southeast corner of Fifth Avenue and 29th Street, New York City, stands on a plot of 98.9 feet by 160.5 feet and contains approximately 265,700 square feet of rentable area.

Reorganized as of Dec. 19, 1941, the holders of predecessor company's first mortgage sinking fund 6s due 1948 received in exchange an equal principal amount of new income 6s due 1962 and 10 shares of common stock for each $1,000 bond held; thus, bondholders became the actual equity owners of the property.

Upon acquisition of the property by the new corporation, 189,356 square feet, or 71% of the space, was rented, leaving 76,344 square feet unoccupied. At the end of the first year (Dec. 31, 1942) of operation, occupancy had increased to 87%, leaving only 34,366 square feet vacant. The annual rent roll of space leased increased from $253,080 as at Jan. 1, 1942, to $342,960 as at Jan. 1, 1943. Actual rental income for the 1942 fiscal year was $284,000, which was sufficient to provide for an income interest distribution per $1,000 bond of $25 and to leave surplus funds of $4,353.19 above the total distribution for a carryover into the next income period. It is apparent from the above figures that the property as of Jan. 1, 1943, started its second year of operation with a rent roll of about $58,900 in excess of actual 1942 rental collections plus the 1942 undistributed income of $4,353.19, or about $63,000 increase above 1942 figures.

The statement filed by the corporation for the first six months of 1943 shows gross cash income from rentals, electricity, etc., to be $179,358.66, income from rentals showing an increase of about $34,600 over the corresponding 1942 period. Net cash increased $64,641.01 for the period, showing a cash balance of the corporation of $94,349.71. On the basis of present earnings the annual interest distribution to be made Feb. 28, 1944, from 1943 earnings, should considerably exceed the $25 per $1,000 bond payment made Feb. 28, 1943. Based on the above figures, it is estimated that between $45 and $50 should be available per bond.

As the bond, with stock, trades as a unit flat, purchases from now until the ex-date Feb. 23, 1944, would carry the full annual distribution. Other attractive features of the security are that upon redemption or retirement of bonds, holders retain the equity stock and that 70% of the stock may authorize sale and conveyance of the property. As all net income up to 6% is distributable as interest, the yield on this bond is particularly attractive in view of its present low level of about 37. Increasing annual interest distributions and the marked improvement in realty conditions generally should offer considerable appreciation possibilities for this at present underpriced security.

Pittsburgh Rys. Look Good

The current situation in Pittsburgh Railways System, particularly certain of the underlying bonds, offers attractive possibilities for appreciation, according to a study prepared by T. J. Feibleman & Co., 41 Broad St., New York City. Copies of this interesting study, which is available to dealers only, may be had upon request from T. J. Feibleman & Co.

Interesting Situation

Steady and substantial growth in earnings of the "Utility Group" have increased the speculative attraction of both the Prior Lien and Plain Preferred stocks of New England Public Service Company according to a detailed circular on the situation prepared by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges. Copies of this interesting circular may be had from Ira Haupt & Co. upon request.

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Ohio Brevities

Carl E. Dyas, veteran in Cleveland investment banking circles, has been appointed head of the new Cleveland office opened by Hirsch, Lilienthal & Co., large New York brokerage firm. The office, located in the Union Commerce Building, is the nineth to be operated by the company.

Mr. Dyas left the Cleveland office of Blyth & Co., where he had been associated since 1936, to take his new post. He began his career in investment banking with Maynard H. Murch & Co., and from 1925 to 1932 represented the Guaranty Co. of New York in northern Ohio. From 1932 to 1936 he was Cleveland office manager for Banc-Ohio Corp., now the Ohio Co. He is a member of the Bond Club of Cleveland and Army and Navy Post 54 of the American Legion. He has three sons in the armed services: James, corporal in a Commando regiment; Lt. Robert, a bomber pilot, and Charles, air corps student.

* * *

McDonald-Coolidge & Co. was awarded $1,403,000 State Teachers Retirement short-term municipals, all Ohio issues, at yield prices ranging from 0.30% to 0.65%. Maturities sold were largely those of 1944 and 1945 with a few in 1946.

* * *

Otis & Co. and Halsey, Stuart & Co. and associates won $2,600,000 Boston Metropolitan District, Mass., refunding bonds due 1945-1969 on a bid of 99.919 for the issue as 1¼s and reoffered at prices to yield 0.35 of 1% to a dollar basis of 99¾%.

* * *

Kidder, Peabody & Co. of Boston was authorized by Ohio Utilities Commission to purchase $4,500,000 in first mortgage 3½% bonds of Central Ohio Light & Power Co. of Findlay, Ohio, on its bid of 105.159 per $100 bond. Bonds mature Feb. 1, 1974.

* * *

J. B. Ribakoff of Worcester, Mass., formerly Vice-President of Reliance Steel Corp., has been made President of the company, Philmore J. Haber, company counsel, announced.

He was elected to the position at the annual meeting at which Sol Friedman of Cleveland resigned as President and Treasurer and disposed of his holdings in the company, Haber said. The company, processor and distributor of flat-rolled steel products, has headquarters at Cleveland and warehouses in Lyndhurst, N. J., Detroit, Chicago and Worcester. Other promotions were Philip P. Brown, former Secretary, elected Executive Vice-President, and Irving R. Zwick, formerly Assistant Treasurer, now Treasurer.

* * *

Otis & Co. of Cleveland was third among a half-dozen bidders for $5,000,000 first mortgage 30-year bonds of Northern States Power Co. Otis Co. bid was 101.747 for the issue as 2⅞s.

The winning bid was submitted by Lehman Bros. at 100.0699 for the issue as 2¾s. First Boston Corp. was second with a bid of 102.049 as 2⅞s, and Halsey, Stuart & Co. was fourth, bidding 101.73 as 2⅞s. Harriman Ripley & Co. with 101.52 as 2⅞s, and White, Weld & Co. with 103.6291 for 3s were fifth and sixth.

AIB Cleveland Group Annnounce 42nd Dinner

CLEVELAND, OHIO—Paul M. Minter, Vice-President of the Cleveland chapter of the American Institute of Banking, announced the chapter's 42nd annual dinner meeting will be held in Hotel Statler Feb. 26 at 7 p.m.

The speaker will be Ernest Robert Rosse, noted humorist and philosopher, who will talk on the "Safety Valve of Sanity," an address delivered by him in every State in the country.

D. James Pritchard, Assistant Vice-President of the Society for Savings, will be toastmaster, and Miss Marjorie Meil, Chairman of the women's committee of the chapter, will represent the women. Miss Meil also is with Society. Minter is Assistant Cashier of the National City Bank of Cleveland. The chapter's Victory Chorus will sing.

Now a Partnership

CINCINNATI, OHIO — Gordon Reis, Jr. and Thomas J. Reis have been admitted to partnership in Seasongood & Mayer, Ingalls Building, with Gordon Reis. Louis C. Wanner & Peter E. Schwindt are continuing with the firm.

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Ohio Municipal Comment

Continued strength in prices has been apparent in the Ohio municipal market since the middle of last December. While yields have declined on the whole, only a few basis points over this period, nevertheless prices have been going higher gradually, even during the Fourth War Loan Drive. In each of the previous drives, municipal prices strengthened quietly but yet noticeably, although activity was of course reduced as investors and dealers alike turned their attention to Government securities.

The drive just finished was no exception, although activity in municipals may have been somewhat more pronounced than in the Third Drive. It would seem reasonable to expect that, with the Government financing successfully completed for this drive, with the return of thousands of investment dealers and salesmen to their usual tasks, and with investors freer to consider diversified investments, both municipal prices and activity should improve further in the immediate future.

Recent Ohio Sales

The only sale of new Ohio issues of any consequence during the month, was $160,000 Barberton bonds sold Feb. 7. The bonds mature serially 9-1-45-54 and were sold at 101.19 for 1¼s. The strength of the market is indicated by the strong bidding for these bonds, there having been 11 bids for 1¼s and three for 1½s. The Teachers Retirement System of Ohio decided late in the War Loan Drive to sell some $1,531,000 of its bonds which were about to fall due, the proceeds of course to be used to buy Governments in the drive. The fund has been assured that high prices would be obtained for the bonds, and such assurances were proven correct. The list was made up of 65 blocks of bonds, and one dealer purchased all of the bonds except four items.

This sale, although it was the largest liquidation of Ohios during the drive, was of little importance, however, for the bonds mature only this year and next year. A large part of the bonds was reoffered to banks and other investors, but, as was expected, no general reoffering was made.

It is interesting to note that, as of this writing, there are no new Ohio issues scheduled for sale for the whole of March, or even for subsequent months. It is monotonous to report that the supply of bonds continues quite limited and that there will probably be less liquidation of municipals in the next couple of months than in the past two, because of the success of the Fourth War Loan Drive. It has been interesting to note that selling of municipals this year, even during the drive, was less extensive than in 1942 or 1943, and included much less Ohio names.

Tax Exemption Increasing in Importance

Of late there has been considerable publicity given in another column of the "Chronicle" as well as elsewhere to the fact that by June 15 of this year the Treasury will retire from the market some $4,160,000,000 of totally and partially tax-exempt Government securities. A realization by investors of the constant and considerable disappearance of such tax-exempt securities has probably been an important factor in the recent strength of other such issues in the Government list. It is only natural to expect that this same realization of the

(Continued on page 802)

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Fed. Reserve Heads To Meet In Cleveland

CLEVELAND, OHIO — Presidents of the 12 Federal Reserve banks will meet in Cleveland Saturday and Sunday, February 26 and 27, for the first time since the founding of the Federal Reserve system 30 years ago.

Matthew J. Fleming, President of the Fourth Federal Reserve Bank of Cleveland, will be host to the conference. William A. Day, conference Chairman and President of the Federal Reserve Bank of San Francisco, announced the meeting would be resumed in Washington for two sessions on Monday and Tuesday.

Besides Fleming and Day others attending are: Allan Sproul, New York; W. W. Paddock, Boston; Alfred H. Williams, Philadelphia; W. S. McLarin Jr., Atlanta; Hugh Leach, Richmond; C. S. Young, Chicago; Chester C. Davis, St. Louis; R. R. Gilbert, Dallas; H. G. Leedy, Kansas City, and J. N. Peyton of Minneapolis.

Cunningham Elected Head Of Cleve. Exch.

CLEVELAND, OHIO—Russell I. Cunningham of Cunningham & Co., has been recalled to the presidency of the Cleveland Stock Exchange, a post he held in 1939 and 1940.

Cunningham succeeds S. Prescott Ely of Curtiss, House & Co., who was elected to a three-year term on the board of governors.

Mr. Ely reported to the annual meeting that the exchange showed a modest profit in 1943, the first time in several years.

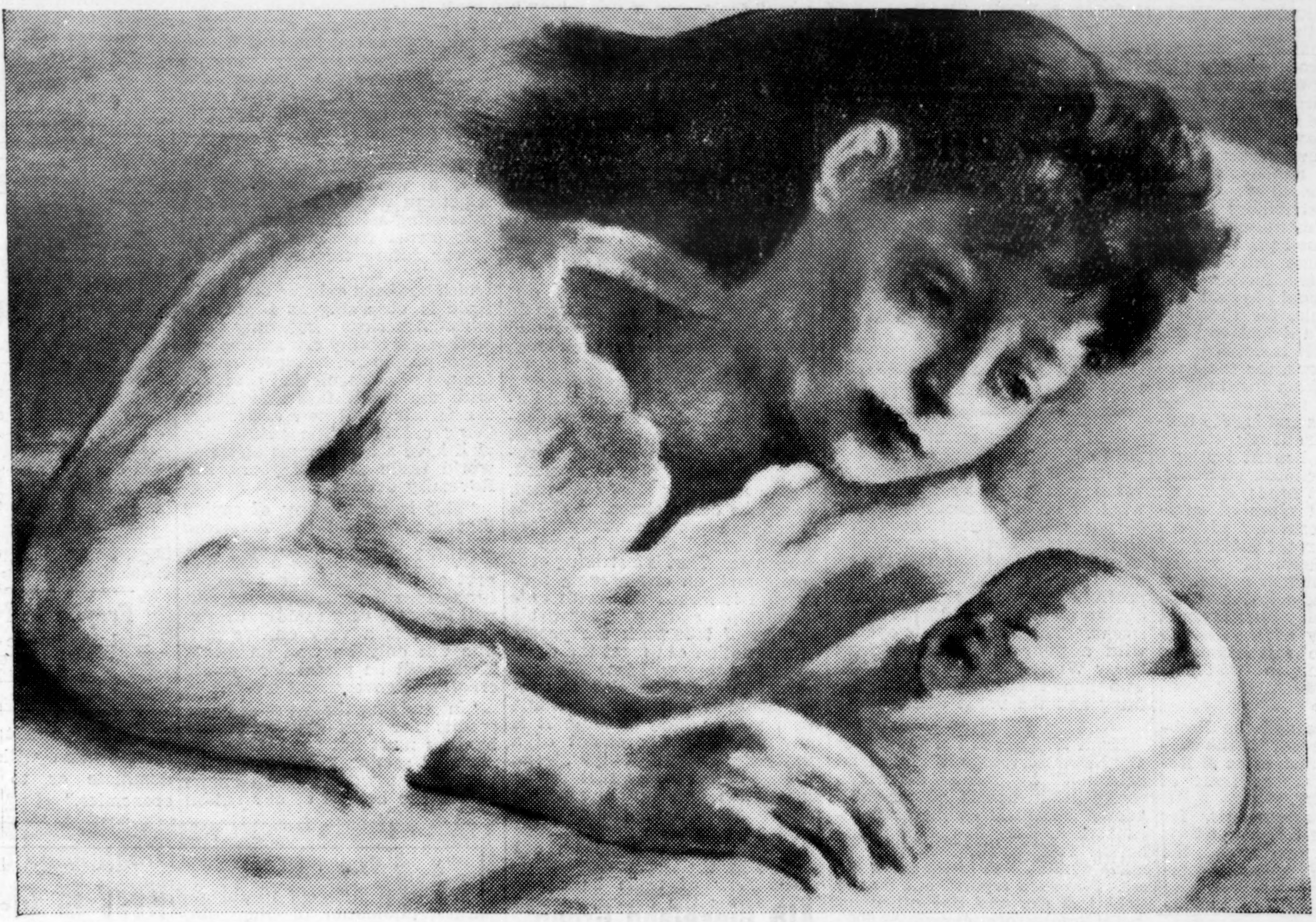
Daniel Baugh III, independent floor trader, who has headed the exchange's rules and arbitration committee for the past four years, was elected Vice-President of the mart and a member of the board for a three-year term. L. O. Birchard was renamed to the board, also for three years. Mr. Birchard is with Prescott & Co. Ray L. Lamb, of Merrill, Lynch, Pierce, Fenner & Beane, leaves the post of Vice-President. Richard A. Gottron of Gillis, Russell & Co., was re-elected Treasurer and William J. Perry, Acting Secretary. Colonel Cecil B. Whitcomb, serving somewhere in the South Pacific, was renamed Secretary.

Ohio Municipal Price Index

Date—	*	†	‡	§
Feb. 16, 1944	1.37%	1.53%	1.21%	.32%
Feb. 9	1.38	1.55	1.21	.34
Feb. 2	1.39	1.56	1.22	.34
Jan. 19	1.40	1.57	1.23	.34
Dec. 15, 1943	1.42	1.59	1.24	.35
Nov. 17	1.39	1.57	1.22	.35
Oct. 13	1.39	1.58	1.21	.37
Sep. 15	1.43	1.62	1.24	.38
Aug. 18	1.44	1.63	1.25	.38
July 15	1.50	1.68	1.32	.36
Mar. 16	1.76	1.97	1.55	.42
Jan. 1, 1943	1.83	2.01	1.65	.36
Jan. 1, 1942	1.92	2.13	1.70	.43
Jan. 1, 1941	1.88	2.14	1.62	.52
Jan. 1, 1940	2.30	2.58	2.01	.57
Jan. 1, 1939	2.78	3.33	2.24	1.09
Jan. 1, 1938	2.98	3.42	2.55	.87

Foregoing compiled by J. A. White, Cincinnati.

*Composite index for 20 bonds. †10 lower grade bonds. ‡10 high grade bonds. §Spread between high grade and lower grade bonds.



A President is Born

He is so small and helpless. So dependent on you for his life and well-being. And yet you are able to look at him and say—

"Someday he may be President."

Put it down as foolish sentiment. Put it down as parental pride. But where else in the world could you envision for your child the possibility of his attaining, one day, the highest office in the land?

Maybe your child won't make it. But one child, very much like him, will. One child out of the three million babies born this year—or the next—or the year after.

Whether or not he attains this high position is not so important. What matters is that here, in America, he is born with that opportunity. He is born in the stubborn tradition of free men—men who felt that in government, the wisdom of the many is preferable to the ambition of the few. He is born in a tradition of self-reliance—where he may succeed or fail, win or lose, rise or fall, according to his own efforts.

Because of that, you will train him to think for himself, to fight his own battles, to make his own way.

You will teach him that responsibility is inseparable from freedom. And that if he joins with other men in an enterprise he should demand the same responsibility and freedom for his business that marks his birthright as an individual.

Someday he may hear, as you have heard, voices that say, "Surrender your opportunity for the certainty that you shall always have bread"—as if man lived by bread alone. As if the country were better served by limiting all to mediocrity—instead of assuring to all, under law, an equal chance to rise by their own efforts, conscious of their obligations to others.

What that son of yours learns at your knee will decide whether or not he will ever have to bend his knee before dictation and tyranny.

And because of what you teach him, he too may one day look with that same foolish pride on his own son to say, "Someday he may be President—"

THE CHESAPEAKE AND OHIO LINES
Cleveland, Ohio

CHESAPEAKE AND OHIO RAILWAY • NICKEL PLATE ROAD • PERE MARQUETTE RAILWAY

Support the American Red Cross Drive for Blood Donations

Mutual Funds

New Offering

This week **Distributors Group** announced a new class of **Group Securities, Inc.**, known as INSTITUTIONAL BOND SHARES. The sponsor reports that this new offering is unique in the mutual fund field. Institutional Bond Shares is described as "an investment in a diversified and continuously supervised group of bonds."

"All bonds in this group meet the legal requirements for investment by life insurance companies, or by savings banks, in the State of New York."

In the letter announcing this new class, Kenneth S. Gaston, President of Distributors Group, points out that Institutional Bond Shares is "designed primarily for **stability** of income and capital." Mr. Gaston states further that this new class should appeal to—

"(a) individuals, for their **reserves**, or when a **defensive** position in the market is desired;

"(b) corporations, for their reserves (income from Institutional Bond Shares is received in the form of dividends and is 85% tax-exempt to corporations);

"(c) employee benefit trusts;

"(d) lodges, schools, churches, unrestricted trust funds, etc., and in general to all types of semi-professional investment advisers who have **the responsibility of investing for others.** Many such investors are primarily concerned with safety of principal and are willing to employ professional management only **within definite and conservative restrictions** of the type applying to INSTITUTIONAL BOND SHARES."

* * *

"War Surpluses and the Problem of Their Disposal" is the subject of **National Securities & Research Corp.'s** current issue of **Investment Timing.**

"Aside from armaments, for which no domestic market is available except as scrap, the surpluses . . . . will probably comprise six major groups:

(1) Plants, equipment, machinery and machine tools, representing an investment of approximately $15 billions.

(2) Raw materials, chiefly steel, copper, aluminum and other metals.

(3) Finished products that can be used for civilian purposes, such as trucks, cargo planes, merchant ships, etc.

(4) Goods in process and semi-processed materials which may be taken over when contracts are cancelled.

(5) Foods, textiles and other supplies to be disposed of when the needs of the armed forces diminish.

(6) Housing and undeveloped acreage, camp sites, training areas, bombing ranges, etc."

After pointing out the many dangers and uncertainties in this situation, the survey concludes on the following optimistic note: "If the problem of war surplus disposal is handled with due regard to American business, it should be a constructive influence in the transition, both the interval after the war with Germany and the period following cessation of the entire war."

Citing the relationship between value and price as the test of whether or not a security should be purchased, National Securities & Research Corp., in a recent issue of **National Notes**, discusses the "high current return and profit opportunities in selected discount bonds and preferred stocks." The discussion is opened with a pungent quotation from Oscar Wilde—"A cynic is a man who knows the price of everything and the value of nothing."

* * *

Hugh W. Long & Co. announces a "New Service on Industrial Selection" by means of which confidential reports of the well known industrial engineering organization, Kerr & Co., to Manhattan Foundation, Inc., will be made available to affiliated dealers. Two such reports, one on the steel industry and the other on the railroads, are summarized in the current issue of **The New York Letter**.

The Kerr reports on these two industries concludes as follows:

Steel Industry—

"Our field investigations lead us to believe that at the end of the present war, a decade of great prosperity for the steel industry will eventuate."

Railroads—

"From all that we can determine from observation of physical plant, there is a larger equity for railway share holders in physical properties than at any time in history."

* * *

Keystone Corp. in the current issue of **Keynotes** discusses the "Trustee's Problem in 1944." The discussion hinges on two points which are perhape of greatest concern to trustees today. The first is the problem of securing an adequate return without undue risk, and the second is the problem of providing adequate supervision at a time when supervision is more essential than ever before.

Keystone Corp. suggests that the various Keystone Custodian Funds are particularly appropriate in solving these two problems and points to trustee acceptance of the Keystone Funds as evidence of this fact. At present more than 1,000 Certificates of Participation in the Keystone Funds, representing a current asset value of $4,367,500, are held in fiduciary or institutional accounts. The list includes almost every type of trustee account and the largest number of individual holdings (270) is in Keystone B-3.

* * *

Lord, Abbett asks in the current issue of **Abstracts** "What to Do About Rail Bond Profits?" The bulletin suggests that it might be sound investment policy to "clinch" a reasonable amount of the profits in these rail bonds and draws attention to Union Bond Fund "C" as an attractive fund for reinvestment of the proceeds. The portfolio diversification of Union Bond Fund "C" at present is: rails, 48%; utilities, 44.7%; industrial and cash, 7.3%.

* * *

In the current issue of **Perspective,** the investment management department of **Calvin Bullock** analyzses the post-war outlook of the steel industry. This excellent review begins with the statement: "For hundreds of years iron has been the most widely used of all the metals." The conclusions reached are encouraging to holders of steel stocks.

For example—"The forebodings as to the competitive position of steel seem based on certain fallacies—or at least on insufficient weight being given to certain facts." And to quote from the final paragraph: "If the Dow-Jones Industrials are taking into consideration good industrial activity in the post-war era, the present prices for steel shares seem to reflect a somewhat over-pessimistic outlook for this fundamental part of our economy."

Low Priced Shares

A Class of Group Securities, Inc.

Prospectus on Request

DISTRIBUTORS GROUP, INCORPORATED
63 WALL STREET—NEW YORK

Keystone Custodian Funds

Certificates of Participation in Trust Funds
investing their capital as follows:

SERIES
B-1, 2, 3 and 4 IN BONDS

SERIES
K-1, 2 IN PREFERRED STOCKS

SERIES
S-1, 2, 3, 4 IN COMMON STOCKS

Prospectus may be obtained from your local investment dealer or

THE KEYSTONE CORP. OF BOSTON
50 CONGRESS STREET, BOSTON, MASS.

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Prospectuses upon request

National Securities & Research Corporation
120 BROADWAY, NEW YORK, (5)
LOS ANGELES, 634 S. Spring St., (14)
BOSTON, 10 Post Office Square (9)
CHICAGO, 208 So. La Salle St. (4)

Trade Beacons After The War

The United States during the war has demonstrated that it can produce vastly more than it has ever done before in peacetime, which means that "with able leadership and a reasonable amount of teamwork" the people of this nation can meet the challenge that they will face after the war, Joseph C. Rovensky, Vice President of the Chase National Bank of the City of New York, declared at the Mid-Winter Trust Conference of the American Bankers Association on February 10 at the Waldorf-Astoria Hotel.

Joseph C. Rovensky

Mr. Rovensky spoke on "Trade Beacons After the War''. He pointed out that it would not be sound thinking, either on an economic or a social and humanitarian basis, to project the war-time rate of "superproduction" into the post-war period.

"Nevertheless," he continued, "we have demonstrated that this nation can produce vastly more than it ever has done before in peacetime. That is a striking economic fact, an encouraging fact, because it means that with able leadership and a reasonable amount of teamwork the people of this nation can meet the challenge that they will face after the war. They will be able to produce more products and distribute them more widely because it is only through achievement of a greater national output, not through higher prices, that we can as a nation increase our national income, avoid the perils of inflation and carry the great burden of debt which will be on our backs after the war."

The flow of trade back and forth across the oceans, to new and undeveloped areas of the world, with raw materials and some fabricated goods flowing in, while industrial machinery and finished products, cotton and other export commodities move out is an encouraging aspect of future foreign trade, Mr. Rovensky continued.

Each American base on foreign soil, a working model of the American way of life, is another interesting aspect of war-time developments from the standpoint of our future foreign trade, Mr. Rovensky said. Native labor which has been enlisted on a large scale is observing at first hand what American ingenuity and mechanical ability can accomplish. These people are being trained in the use of our tools and products, with the result that new habits are forming and new desires are being created. The result may well have a tremendous effect on world trade in later years, Mr. Rovensky declared.

"This is all by way of saying that the demand for American products will be great after the war," he stated. "As a counterpart of this development, opportunities for the extension of credit will increase very rapidly. Credit, however, is a very elusive girl. She can only be won on merit. There will be places for private credit and government credit.

"In studying these problems of credits for post-war trade we bankers must not get lost in the maze of sectional and group interests. Our world approach must be for the benefit of our nation as a whole, and it must be one of collaboration with no desire to dominate or to control other economies."

Out-Of-Towners At Cgo Bond Traders Dinner

CHICAGO, ILL.—Among the out-of-town guests at the annual dinner of the Bond Traders Club of Chicago on Feb. 18 were:

Furman Fusz, Fusz Schmelze & Co.
D. F. Peiyser, Adams & Peck.
Maynard Rue, J. M. Dain & Co.
Jerry Crans, Brown & Co.
W. J. Brady, W. J. Brady & Co.
Jan Hunt, White, Weld & Co.
Robert Torpie, Merrill Lynch, Pierce, Fenner & Beane.
Capt. Ford Hardy, formerly Merrill Lynch, Pierce, Fenner & Beane.
Wm. Dyer, E. W. Price & Co.
Paul Moreland, Allman, Moreland & Co.
Mrs. Ora Ferguson, Merrill Lynch, Pierce, Fenner & Beane.
Willis Summers, Troster, Currie & Summers.
Corwin L. Liston, Prescott & Co.
E. M. Everham, Baker, Simonds & Co.
Claude Porter, Baker, Simonds & Co.
Eldridge Robinson, Baum-Bernheimer & Co.
Grant Feldman, Piper, Jaffray & Hopwood.
Bernie Decheine, Milwaukee Co.
Bert Horning, Stifel-Nicolaus & Co.
Clarence Blewer, Dempsey-Tegeler & Co.
Harry Tenenbaum, Peltason-Tenenbaum, Inc.
C. Edward Mercier, Baker, Simonds & Co.
Geo. J. McDawel, Baker, Simonds & Co.
Jerome Tegeler, Dempsey-Tegeler & Co.
Joseph Sener, Mackubin, Legg & Co.
Winthrop Pizzini, B. W. Pizzini & Co.
Wm. Perry Brown, Newman, Brown & Co.
Frank Meyer, First of Michigan Corp.
Henry Richter, Scherck, Richter Co.
Russell Dotts, Bioren & Co.
A. G. Ghysells.
J. Wallace Kingsbury, Kingsbury, Alvis & Co.
John M. Beyer, Quail & Co.
Harry G. Williams, Quail & Co.
Fred G. Morton, Milwaukee Co.
Barney Neiman, Carl Marks & Co.
Thomas Graham, Bankers Bond.
Lou Walker, National Quotation Bureau.
W. C. McRury.
John C. Hecht, Butler-Huff & Co.
Irwin Harris, Scherck Richter Co.
Harry J. Peiser, Ira Haupt & Co.
Emmet J. Brennan, Brennan, Kinsella & Co.
Chester Kolkoski, Schouten, White & Co.

Freybe In New York

Carl E. Freybe is engaging in the securities business from offices at 33 West 42nd Street, New York City.

Announcing

Institutional Bond Shares

A class of
GROUP SECURITIES, INC.

An investment in a diversified and continuously supervised group of bonds.

All bonds in this group meet the legal requirements for investment by life insurance companies, or by savings banks, in the State of New York.

Prospectus may be obtained from Authorized Dealers or

DISTRIBUTORS GROUP
INCORPORATED
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Property Protection in Wartime

As the time draws near when our armed forces face their supreme test in the mightiest invasion of history, any wartime effort on the home front seems small by comparison.

Nevertheless, the task of America's fighting men and her Allies is of such magnitude that every ounce of strength of mind and hand that we in this country can muster to their support in whatever way we can is necessary and imperative.

This is why the fire insurance industry has been and is now geared to war; why it is alert through its inspection and engineering facilities in protecting the nation's industrial plants which have amazed the world with their productive power.

Through this vigilance, many disastrous fire losses have been prevented—losses which in wartime, when manpower and materials are so vital, would have been as damaging as enemy victories. Thus, in a real sense, watchfulness in fire prevention has meant a participation in the winning of the war by the "industry which protects other industries."

Meanwhile, the agents and brokers of the capital stock fire insurance business, as part of the Citizen Army, are a source of strength throughout the nation. By seeing to it that property is adequately insured, national morale is promoted, permitting greater concentration on the war effort.

Dollars for fire insurance premiums today are going in large part into U. S. Government Bonds, thus helping to bear the cost of war. This Company, for example, invested *all* of its new premium dollars during the last nine months of 1943 in War Bonds, in addition to its regular purchases of these securities.

☆ ☆ ☆

In submitting herewith our annual statement we take pride in stating that more than 50% of the male employees of The Home Insurance Company are now with the armed forces.

President

STATEMENT
December 31, 1943

ADMITTED ASSETS

Cash in Office, Banks and Trust Companies		$ 20,681,229.69
United States Government Bonds		27,406,591.91
All Other Bonds and Stocks		69,192,158.38
First Mortgage Loans		376,083.48
Real Estate		3,825,040.10
Agents' Balances, less than 90 days due		9,265,751.61
Reinsurance Recoverable on Paid Losses		1,286,831.00
Other Admitted Assets		73,214.65
Total Admitted Assets		$132,106,900.82

LIABILITIES

Reserve for Unearned Premiums		$ 49,199,317.00
Reserve for Losses		13,486,728.00
Reserve for Taxes		5,130,000.00
Reserve for Miscellaneous Accounts		1,005,540.16
Funds Held Under Reinsurance Treaties		38,176.37
Total Liabilities Except Capital		$ 68,859,761.53
Capital	**15,000,000.00**	
Surplus	**48,247,139.29**	
Surplus as Regards Policyholders		**63,247,139.29**
Total		$132,106,900.82

Note: Bonds carried at $3,528,921.20 amortized value and cash $50,000.00 in the above statement are deposited as required by law. All securities have been valued in accordance with the requirements of the National Association of Insurance Commissioners. On the basis of actual December 31st market values, total Admitted Assets would be increased to $135,422,810.53 and Surplus to Policyholders would be increased to $66,563,049.00.

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WILLIAM L. DEBOST WILFRED KURTH
EDWIN A. BAYLES GORDON S. RENTSCHLER
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Bank and Insurance Stocks

By E. A. VAN DEUSEN

This Week—Bank Stocks

A study of the operating reports of leading New York City banks over the past six years reveals a remarkable record of steady growth of earnings, accompanied by a substantial strengthening of capital resources and reserves. Strangely enough, this growth has been going on under the very nose of a market which, to judge from Standard & Poor's index of New York City bank stocks, appears largely to have ignored it. In 1939 the high, low and average of this index were respectively 101.5, 81.9 and 91.1; in 1943, they were 96.6, 76.5 and 90.5. In the accompanying table, which shows figures for a group of 15 banks, it will be noted that net operating earnings, exclusive of security profits and recoveries, were $82,474,000 in 1938, but since have steadily risen year by year to $110,954,000 in 1943, an increase of $28,480,000, equivalent to 34.6%. Over the same period their capital funds, comprising capital, surplus and undivided profits, have risen from $1,439,059,000, as reported on Dec. 31, 1938, to $1,643,831,000 as reported on Dec. 31, 1943, a growth of $204,772,000, or 14.2%. Meanwhile, reserves also have been substantially augmented, though by an unknown amount.

Bank and Insurance Stocks
Inquiries invited in all Unlisted Issues
Laird, Bissell & Meeds
Members New York Stock Exchange
120 BROADWAY, NEW YORK 5, N. Y.
Telephone: BArclay 7-3500
Bell Teletype—NY 1-1248-49
(L. A. Gibbs, Manager Trading Department)

	Sources of Earnings				Disposition		
Year—	Net Operating Profits	Net Security Profits	Net Recoveries	Total	Dividends	Surplus and Und. Profits	Reserves and Write-Downs
			(000 omitted)				
1938	$82,474	$22,078	$4,517	$109,069	$66,450	$5,880	$36,739
1939	83,328	33,015	1,925	118,268	65,850	8,280	44,138
1940	86,154	27,438	11,880	125,472	65,850	25,620	34,002
1941	90,741	22,465	12,433	125,639	65,250	36,256	24,133
1942	96,020	8,515	2,139	106,674	61,150	29,969	15,555
1943	110,954	25,733	3,032	139,719	61,412	52,650	25,657
Totals	$549,671	$139,244	$35,926	$724,841	$385,962	$158,655	$180,224

The accompanying table shows the sources of the banks' earnings as reported to their stockholders, and also the disposition of these earnings. Insofar as possible these figures have been compiled on a comparative basis year by year, and bank by bank, but inasmuch as the method of reporting has varied during the period and no two banks report strictly alike, the table makes no claim to close precision. It is believed, however, that in general the figures portray a fairly accurate picture.

Total net operating profits have aggregated $549,671,000 and total dividends $385,962,000, thus dividends have been earned 1.43 times by net operating profits alone. It is of interest to observe how this dividend-coverage-ratio has grown greater each succeeding year, as follows: 1938, 1.24; 1939, 1.26; 1940, 1.31; 1941, 1.39; 1942, 1.57, and 1943, 1.81. True, dividend payments have declined from $66,450,000 in 1938 to $61,412,000 in 1943, a decrease of $5,038,000, or 7.6%, but the ratio has increased from 1.24 to 1.81, equivalent to a rise of 46%. To put it another way, if 1943 dividends were the same as those of 1938, the coverage-ratio in 1943 would be 1.68 compared with 1.24 in 1938. Total earnings from all sources, as reported, aggregated $724,841,000 or more than twice dividend disbursements; the balance has been credited to surplus and undivided profits and to reserves, substantially as shown in the table.

The 15 New York City banks and trust companies whose figures have been compiled in this brief study are: Bank of the Manhattan Company, Bank of New York, Bankers Trust Company, Central Hanover Bank and Trust Company, Chase National Bank Chemical Bank and Trust Company, Corn Exchange Bank and Trust Company, First National Bank, Guaranty Trust Company Irving Trust Company, Manufacturers Trust Company, National City Bank, New York Trust Company, Public National Bank and Trust Company, and United States Trust Company. Other banks such as Commercial National Continental Bank and Trust, Empire Trust, etc., could be included without in any way altering the picture. The conclusion reached by this writer is that the market is overlooking something good when it passes up bank stocks in so cavalier a fashion, for among New York City bank stocks today some of the most attractive long-term equities are available to the alert and discriminating investor.

N. Y. Analysts To Meet

Alan W. Hastings, Vice-President of Engineers Public Service will discuss "Future Values in Engineers Public Service," at the meeting of the New York Society of Security Analysts, Inc., to be held on February 25th.

Matthew Woll, Vice-President of the A. F. of L., Chairman of the Post-War Planning Committee will speak on "Labor's Post-War Planning" at the meeting to be held February 28th.

Meetings will be held at 56 Broad Street at 12:30 p.m.

It is also announced that a field trip through the plants of Republic Aviation, normally restricted, has been arranged for security analysts in that field Members of the Association wishing to take the trip should get in touch with William Swartz at Goodbody & Co.

The Money Problem In Planning A Post-War Economy

(Continued from first page)

2. Allocation of materials; selection of categories to which critical materials should go first.
3. Public works, federal, state and local.
4. New fields of enterprise; the speed at which they can be put in operation, and their labor-absorbing quotient.
5. Resumption of foreign trade; the possibility of new world markets; coordination with rehabilitation efforts of the United Nations.
6. The release of surplus war commodities by the Government; the channeling of their sale to minimize the economic impact, while protecting the public interest.
7. Examination of Federal statutes to learn which will retard, and which will aid successful post-war conversion.

The Speaker has already summarized in these factors many essential points to be considered in post-war planning for prosperity. Not the least of these points, and perhaps the most important of all, is the last one, which will examine Federal statutes to learn which will retard and which will aid post-war conversion. There are no doubt many Federal statutes that should be modified and even repealed, in order to give business enterprise freedom and to encourage the maximum of effort for the post-war reconversion and prosperity.

The Speaker Has Not Included All The Essential Problems

In considering the general lay out of problems for post-war reconversion, employment and the prosperity of the future, it seems that the Speaker might add to his list of problems the following:

1. Education on sound economic policies for democracy.
2. Money; what kind of money can we depend on.
3. Foreign exchange relations.
4. Production and foreign trade.
5. Prices and freedom of the markets.
6. Wages and employment.
7. Taxes.
8. The disposition of the national debt.
9. Freedom of enterprise or government regulation and control.

Many others could be added, but these additions seem essential if the problems suggested by the Speaker are to be successfully analyzed and plans made for a reconversion to peacetime prosperity.

The Place of Money

In all of these problems and policies essential for successful reconversion to post-war business, there is no problem more important than that of money. In fact, it seems that money is the central problem around which many of the other problems cluster. Just why is money so essential? All other economic relationships turn on money. Costs and prices are in terms of money. Credits of all kinds are promises to pay money. Wages are paid in money. Trade is in terms of money. Savings and investments are in money, and their present and future values are measured in money and the purchasing power of money. Without confidence in the present and future value of money, thrift and enterprise are discouraged, and individual and corporate efforts and long term planning are subdued and discontinued. Uncertainty about the future value of money is a most destructive force that creates stagnation and waiting, and nullifies leadership and cooperation. The eternal hope that makes men strive to provide for the future, for old age, and for their families and favorite charities rests upon the confidence in the future value of money. The only real social security is employment at productive enterprise. This employment and economic progress rests on the soundness of the money. Without confidence in the long term future value of money other efforts to build prosperity will lack enduring purpose and fall apart.

The United States Should Take the Lead In Establishing Sound Post-War Currencies

In our foreign trade the problem of money again is the first essential. If the dollar is stabilized at its present gold value and foreign buyers have currencies at a greatly reduced value, our prices will be high relative to their currency and their depreciated currencies will act as a tariff against the purchase of our goods. On the other hand, our high priced currency will buy more of the foreign currencies and encourage our purchase of foreign goods at low prices and act as a reduction of tariffs against the importation of foreign goods. The very essence of the whole foreign trade problem is money and the respective purchasing powers of the different moneys in the different countries.

In the long run there is nothing ever gained by devaluing a currency. In fact, every bit of evidence and history indicates that an unsound money reacts against the country of such money unfavorably. Unsound money unsettles domestic trade and confidence. It paralyzes foreign trade. Each country naturally tries to protect its trade against the unfair manipulation of currencies. No country has for any long period of time been able to increase its exports by cheapening its money and by selling its goods for less than cost. No country has been able to raise its prices or lower its costs of production or bring about a balanced economy, or in any way improve the well being of its people by manipulating the value of its money. Every investigation into these activities and experiences leads to the same answer and that is: a sound money is the basis of economic stability, confidence and prosperity in any country in its domestic affairs and in its relations with other countries.

This problem of a sound money and what price money we are to have is of especial importance to the United States, not only because all other problems of reconversion to peacetime prosperity cluster around it, but because at the present time there are so many good reasons to be suspicious of our future money policy that it would be one of the greatest services that Mr. Rayburn and his committee could perform if they could only establish the fact that this country will maintain sound money based upon gold at its present well known metal content. This information and confidence would be a great relief to all individuals who own Government bonds or who have bank deposits or savings accounts or who own insurance. Almost everyone is asking this question: what is to be the future value of money?

The National Debt

The very magnitude of the present Federal debt raises questions as to the future value of money. The debt is expected to reach between $250 and $300 billion by the time reconversion to peacetime business can be effected and Government deficits overcome. This debt, plus the debt of states, municipalities and private enterprise, will probably exceed $500 billion, and this is more than we estimated our national wealth to be before the war began. Just how we are to support this vast debt and gradually reduce it, without in the meantime seeing the price of the bonds decline sharply, is a puzzle to the layman. If and when the prices of these bonds do decline, that is nothing to worry about, provided the holders do not part with the bonds, but cling to them until maturity, when they will be paid at par. Unfortunately, however, in a very great many individual cases, this is not practical. Moreover, in the case of the commercial banks who have purchased these bonds with deposits, a sharp decline in the prices of these bonds would be serious. It is possible, however, that when the war is over the bulk of the large short term maturities held

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LONDON OFFICES:
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8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1
TOTAL ASSETS
£108,171,956
Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand
BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)
Paid-Up Capital £8,780,000
Reserve Fund 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000
Aggregate Assets 30th Sept., 1943 £187,413,762
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by the banks can and will be refinanced into long term maturities and sold to investors.

In the meantime, however, the cost of servicing the debt and the costs of meeting current Government expenses are going to require a tax income perhaps twice that of pre-war days. Taxes are a direct charge upon business and reduce the value of business enterprise, as well as discourage the incentive to private enterprise. Too heavy a burden of taxes is not practical. But, be that as it may, it remains a fact that when the war is over and reconversion is completed, deficit financing will have to be not only a thing of the past but very substantial capital payments may have to be made on the outstanding debt, if confidence is to be maintained in debtor instruments.

Then there is the problem of the large increase in bank deposits resulting from Government borrowings or the bank purchases of Government bonds. By the time reconversion to peacetime business takes place, these bank deposits will all have been transformed into private deposits and will be the private possession of private individuals. The assets to pay these bank deposits with will be pretty largely the Government bonds owned by the banks. These bank deposits are all payable in money. This vast quantity of peacetime purchasing power in the form of bank deposits holds a great potential danger if and when depositors choose to use this money for business or speculation. At present the velocity of bank deposits is said to be less than 20, as against 56 in 1929.

The currency outstanding at the present time exceeds $20 billion, against $4½ billion in 1929. Neither the currency nor the bank deposits can do any harm as long as they are held inactive, but should the public be excited into using this large purchasing power within a reasonable length of time, the very stability of a sound recovery program and reconversion program would be jeopardized.

It is hoped that Mr. Rayburn's committee or some other authoritative committee of the national Government will come forth with a sound plan of converting our monetary debt and tax situation to a peacetime basis. Unless this is done, these threatening problems hang over all other peacetime endeavors.

The British Policy

For a very long time the world has looked with admiration and, in some instances, with jealousy upon the successful monetary management of England. The flow of money to England and the confidence in British currency and the pound sterling in normal peacetimes have been the subject of many studies and investigations. It seems evident that this confidence has been based upon the only thing that confidence ever can be permanently based upon, and that is **performance.** Time and again, England has gone off the gold standard and her currency has been depreciated, but in the long run the pound has always been returned to the value of 113.0015 grains of fine gold. It has been this performance and confidence, built up over more than 100 years, that has enabled England to carry the role not only of guiding but that of dominating the monetary and financial world in the march of trade. It may be that the England of today is not the England of pre-war days. It may be that it will take longer to return to sound economic and monetary policies than after financial dislocations of the past. But, be that as it may, we know something about what the British ideas are and the British policy is going to be. This was stated by Prime Minister Churchill in his radio address of March 21, 1943, as follows:

"A friend of mine (Mr. Arthur Greenwood, leader of the Labor Opposition) said the other day in the House of Commons that 'pounds, shillings and pence are meaningless symbols.' This made me prick up my ears and open my eyes.

"What then are we to say about the savings of the people? We have just begun a 'Wings for Victory' war savings campaign, to which all classes have subscribed. Vast numbers of people have been encouraged to purchase War Savings Certificates. Income tax is collected from the wage-earners of a certain level and carried to a nest-egg for them at the end of the war, the Government having use of the money meanwhile. A nest-egg similar in character will be given to the armed forces.

"Those whose houses have been destroyed by air raid damage, and who have in many cases paid insurance, are entitled to their compensation. All these obligations were contracted in pounds, shillings and pence. (Mr. Greenwood's 'meaningless symbols.')

"At the end of this war there will be seven or eight million people in the country with two or three hundred pounds apiece, a thing unknown in our history. These savings of the nation, arising from the thrift, skill or devotion of individuals, are sacred. The State is built around them, and it is the duty of the State to redeem its faith in an equal degree of value.

"I am not one of those who are wedded to undue rigidity in the management of the currency system; but this I say, that over a period of ten or fifteen years there ought to be a fair, steady continuity of values if there is to be any faith between man and man, or between the individual and the State. We have successfully stabilized prices during the war. We intend to continue this policy after the war to the utmost of our ability."

There seems no reason to believe that England will not make every effort to maintain honest money and that simply means returning the pound to as near as possible its pre-war purchasing power and again stabilizing the pound by making it convertible into gold. If England does this and regains the confidence of investors, owners of British bonds and life insurance policies and likewise the confidence of the world's monetary and financial markets, while we and other countries deal in vacillating, uncertain, undependable monetary practices which do not deserve confidence, then the British money market will again dominate the world's finances and deserve that place and confidence, irrespective of the size of other financial markets or the volume of trade in other parts of the world.

Any worthwhile post-war reconstruction and conversion policies to peacetime enterprise which would maintain prosperity must build around the problem of sound money, in my opinion. Without sound and dependable money in which people can save and invest and count upon their savings for the future, at a value somewhat related to the purchasing power known at the time of the saving and investment, no post-war economic policy will succeed.

The CHRONICLE invites comments on the views expressed by Dr. Wright, in this article, or on any related phases of the subject under discussion. Comments should be addressed to Editor, "Commercial and Financial Chronicle," 25 Spruce Street, New York 8, N. Y.

Human Rights vs. Property Rights

Editor, "Commercial and Financial Chronicle":

For a number of years I suppose you have and I know I have heard much about human rights vs. property rights, with emphasis put upon human rights. Possibly something that occurred around the beginning of this century may throw a little light upon this subject.

In the Territory of Arizona some forty odd years ago people were just beginning to settle the Territory and there were not very many of us. We brought in livestock, controlling large areas of range through homesteading all living water—some squatted upon as much at 200 square miles, others up to 1,000 square miles, and by every trick we could think up we tried to hold the respective areas for ourselves and drive all others off. The grass went to whoever could get his stock to it first. The devil took the hindmost.

Our speeds were not great—four miles per day for a band of sheep between dawn and sunset — two miles per hour for a four-horse team with a two-ton load. Five miles per hour for a saddle horse. If we traveled by day we had to use landmarks or a compass—by night the North Star. The nearest neighbor was seven miles away, the second, 15. Twenty-five miles to the railroad on one side, 200 on the other. We navigated a sea of land. Not a fence for hundreds of miles.

Interest rate was 1% per month compounded semi-annually, grocery bills were paid once a year or so. We had no use for cash. In fact, it was dangerous to have it known that any particular individual carried money regularly. About all we ever did was in the fall to ship all marketable stock to Kansas City or Chicago and the commission men would mail a draft for the proceeds to an Arizona bank and we would sit down and write out a few checks and the year's work was over.

Our help was paid when he quit—after a month, a year, a year and a half or two years. We just signed a piece of paper and took him to town. He would fight for us—some even died for us (imagine a corporation employee today dying for his boss or trying to help the boss save the business). Some of us could hit a turkey's head at 100 yards three times running, so there was very little killing for the simple reason that no one could afford to start anything, but still we never allowed anyone to get behind us and we never trailed anybody from the rear as that was simply committing suicide.

There were lots of deer, antelope, bear and rabbits which belonged to whoever reduced them to possession. A man could stand in one spot and just turn around and kill a 100 rabbits with a .22 in the 360-degree circle. If the wife wanted meat for breakfast, dinner or supper, all she had to do was say so and in 10 or 15 minutes she had it. But soon, in came market hunters from California and out went the game. Men came in and out went the wild horses. They would catch 1,000 wild horses and sometimes only ship 100 out of the 1,000, the balance killing themselves trying to get out of the corrals. But nobody cared. They didn't belong to anyone.

The Forest Reserve came in and with that somebody looked after the forests and stopped overgrazing. That part of Arizona today which is in the Reserves is as good or better than it was 40 years ago, but that cannot be said for the range outside of the Reserves. That is ruined by having to reduce the grass to possession first.

We strongly objected to an Indian killing a cow for his supper, which if he were hungry and as long as the cow wasn't his, he was quite likely to do—human rights first was his motto too. Indians have this idea of human rights dominating property rights but one should come out here and live with them a while and he would get cured quickly for they are just one jump ahead of starvation. They hold property in common so why work if one has to divide with everybody else. So there is minimum production.

One may drive an auto 300 miles through Northern Arizona today without seeing one rabbit in the entire trip—and that is the finest example I know of, of what happens when human rights are put ahead. No one looks after them. (The rabbits.) So they are gone. Somebody looked after the cows and we still have beef.

And through the years I've noticed that property rights are continually being restricted — sitdown strikes a few years back wrecked some property rights and today an income tax of 93% will just about complete the job. When this job is completed that we're going through today somebody is going to wake up some fine day and find himself back in the jungle, where we started from with his human right to starve and no property rights to worry about. But how they are going to wish they had some property rights then.

Look at Am Tel, selling around $150, $9 dividend, money a drug—the railroads earning $10 to $20 a share and selling among the cats and dogs. Therein is a story for those who wish to read.

And a band of sheep still only travels four miles a day (as they did thousands of years ago) in the age of General Sherman tanks and Flying Fortresses.

W. C. EVERETT.

Winslow, Ariz.,
Feb. 15, 1944.

D. E. Graham Forms Own Investment Firm in N. Y. C.

David E. Graham in partnership with M. R. Appel has formed D. E. Graham & Company with offices at 120 Greenwich Street, New York City, to engage in an investment business. Mr. Graham was formerly a partner in Fuerst & Co. and prior thereto was in business under the firm name of D. E. Graham & Co.

Interesting Situation

Jersey Central Power & Light Co., 5½%, 6% and 7% preferred stocks offer attractive possibilities, according to a discussion of the situation in the current issue of the "Preferred Stock Guide," issued by G. A. Saxton & Co., Inc., 70 Pine Street, New York City. Copies of the "Guide," which also contains current quotations and comparative figures on preferred and common public utility stocks, may be had upon request from G. A. Saxton & Co.

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"Our Reporter On Governments"

The Government Bond Market In Wartime

By WILLIAM A. SHOLTEN

Ten years ago when the public debt was $27 billion and the United States was about to emerge from the depths of the severest economic depression in its history, it was widely feared that unless some limit soon were placed on the continuously increasing indebtedness, the resultant credit inflation would have ruinous effects on the national economy. . . . At that time the belief was expressed that the country would not be able to support without serious strain a national debt greatly in excess of $40 billion. . . .

Nevertheless, the debt continued to mount as Government expenditures were expanded far beyond revenues with the deliberate intent of providing the inflationary spark which it was hoped would stimulate economic recovery. . . . By the middle of 1941, the debt had increased to $54 billion; in the next 18 months national defense expenditures under the spur of a world at war carried the debt to $62 billion, and from the day when the attack on Pearl Harbor plunged us irrevocably into active participation in the war, the public debt had soared at a hitherto unprecedented speed to its present level of about $182 billion, an increase in two and one-quarter years of $120 billion, equivalent to more than four times the total debt outstanding ten years ago. . . .

Whether economic prosperity under peace-time conditions could have been attained by less expensive methods than those deliberately pursued by Washington in the nine years preceding Pearl Harbor is now of academic interest; the fact is that we entered the war with an already heavy burden of national debt but that from that point on, all economic considerations had to be subordinated to military requirements. . . .

This much can be said: after more than two years of financing the costliest war of all time we seem to be supporting with relative ease a national debt that will almost reach $200 billion by the end of the present fiscal year. . . . Furthermore, the tremendous volume of Government securities issued has been absorbed to the extent of 54% by investors outside the banks with no disturbance of the securities markets and to the extent of 40% by the banking system with an inflationary effect of negligible intensity. . . . The process of channeling over $120 billion of securities into the nation's investment reservoir without resort to compulsion or even noticeable pressure indicates not only a high degree of cooperation between Government and public and of coordination among the commercial and investment banking authorities, but a superb job of administration by the Treasury Department and the Federal Reserve System. . . .

We are now evidently approaching the peak of our productive effort and if the war in Europe should end this year, the volume of governmental expenditures — and in consequence the issuance of Treasury securities for new borrowings—may be expected to decline in the next fiscal year. . . . It is reasonable to assume, therefore, that in the light of accomplishments thus far, the problem of completing the financing of this war without major difficulties or strains has already been solved. . . . The market for Treasury securities has not only been maintained—it has actually advanced in all except the shortest term maturities and even in those, the slight rise in rates has been beneficial rather than otherwise. . . . Refunding of maturing or callable issues has been consummated at extremely favorable rates and today the average interest rate on the public debt of the United States is 1.9% per annum, compared with 2.3% in 1941, 2.6% in 1938 and 3.2% in 1934. . . .

MARKET IN EXCELLENT SHAPE

The Government securities market is in excellent shape. . . . Such precautionary measures in order to preserve price stability in specific issues at times when these are affected by the injection of new securities with similar maturities or in order to hold at par the price level of issues that display temporary weakness, have been quietly and effectively taken by the Federal Reserve Open Market Committee in cooperation with the leading Government bond dealers. . . . Prices for the long-term issues, which are always subject to wider fluctuations than the short-term securities, are currently quoted at or close to their best levels computed on the basis of yield to maturity or first call date. . . . The lowest yield on the long-term tax exempts, maturing or callable in more than ten years was reached last July at 1.71%. During this past week, the average yield on these same issues again approached the 1.71% level. . . . The lowest yield to date on the long-term taxables was 2.27% in July, 1943; at the present time the average yield on the same taxable issues is 2.31%.

The day to day investment demand or the absence thereof on the part of the 15,000 commercial banks of the country is the principal determinant of the price level of Government securities. . . . The banks hold 47% of all Treasury Bills, 60% of all Certificates of Indebtedness, 66% of the Notes and over 40% of the Treasury bonds. . . .

The Treasury Department and the Federal Reserve Board are in an excellent strategic position directly or in coordination with the National and States bank examining authorities and the Federal Deposit Insurance Corporation to regulate the character and type of bank investments of all types including Government issues. . . . They are thus able to map out their programs of new borrowings and refundings, both with the aim of maintaining the liquidity of bank portfolios and of preventing or curbing the inflationary menace inherent in uncontrolled purchases of Government securities by the commercial banks. . . . For the banks can absorb all the bonds the Government wishes to offer, but every dollar of Government securities that the commercial banks acquire increases bank deposits and therefore the monetary supply of the country. . . . The greater the monetary supply, the lower the purchasing power of the national currency or, in other words, the higher the cost of living. . . .

The very wide powers of the Treasury Department in the management of our monetary system are being applied with effectiveness and ability. . . . The easy but potentially dangerous course of financing war expenditures through unrestricted sales of securities to the commercial banks is rigidly limited. . . . The banks are encouraged to concentrate their surplus funds in short-term issues, preferably in the one to five-year maturity group and in any event not in issues maturing beyond ten years. . . . A pattern of interest rates on Government securities ranging from ⅜ of 1% for three months, ⅞ of 1% for one year, 1½% for four to five years and 2% for seven to nine years has been in effect for the past two years and new security issues have been allocated according to the maturity classifications best adapted to the prevailing investment demand. . . .

CORRECTIVE PRICE ADVANCE

The recent strength in the partially tax exempt Government issues constitutes a corrective movement after the gradual decline in these issues that began last August and continued until the beginning of February, and which had been caused primarily by sales on the part of the mutual insurance companies and savings banks which were taking advantage of the premium on these bonds to sell the tax exempts and by the longer term taxables. . . . Thus, today, as has been mentioned above, the long-term tax exempt issues are again at their best price (or, to put it more accurately, at their lowest yield) levels. . . . The banks, especially those in the maximum corporate tax brackets are finding it increasingly advantageous to buy the tax exempt Treasury bonds. . . .

Another factor that has contributed to the demand for these bonds has been the relatively rapid rate at which the total supply of tax exempt Government securities is diminishing. . . . Less than 25% of outstanding Government issues are exempt from the normal corporate tax and by the end of this year the percentage will be less than 20. . . . Maturing tax exempts are being refunded into taxables and those holders to whom the tax exemption is important are inclined to exchange the maturing issues for whatever tax exempt Government securities they can obtain. The scarcity value of the tax exempts will therefore become increasingly marked as time goes on. . . .

Although the control of interest rates exercised by the Treasury Department has had the effect of reducing price fluctuations in Treasury bond prices and therefore eliminating in large measure the temporary price discrepancies between issues of similar maturity groups, there are so many issues of Government securities outstanding and so many varying factors that operate now for and at another time against one type of maturity or another that the opportunities open to every institutional holder for increasing the income from his Government portfolio by intelligent interpretation of market variations are if anything more frequent today than before. . . . Such variations take place most frequently during periods preceding the issuance of new securities which affect the presently outstanding bonds, as for example, occurred at the time when the injection of the Treasury 2s 53/51 temporarily influenced the market position of the 2s 52/50 and 2½s 54/52 or as is about to occur in the case of the newly issued 2¼s 59/56 in their relationship with the 2½s 58/56. . . .

FUTURE PRICE TREND

There are two schools of thought about the future market performance of the 2¼s 59/56. . . . Some believe that these bonds will not advance more than a few thirty-seconds above par principally because the banks cannot acquire them for the next two years, and that therefore the market action will approximate that of the long-term 2½s which are also closed to the banks. . . . Others are convinced that, despite the present elimination of bank purchases of these bonds, they will advance to the approximate yield level of the 2½s 58/56. . . .

Among the reasons why it is reasonable to believe the 2¼s 59/56 will move up to 100.16 and higher, are (1) that in a generally strong market such as is anticipated for the next months, it is easier for one low-priced issue to advance to the level of the rest of the market than for the other issues to decline to the level of the one low-priced bond, (2) that 83% of the volume of outstanding 2½s 58/56 (which most closely compare with the 2¼s 59/56) is held by investors who are in a position to acquire the new bonds. . . . Insurance companies and mutual savings banks alone held 58% of the 2½s 58/56 at the end of 1943. . . . These are professional investors who are yield conscious; as the discrepancy in yield in favor of the 2¼s 59/56 is brought home to them, they will tend to sell the 2½s 58/56 and buy the 2¼s 59/56; their sales of the 2½s 58/56 should be readily absorbed by the banks, since the maturity is only a little beyond the ten-year period which for most banks constitutes the practical limit of Government bond investments. . . . The 2¼% coupon rate and the 59/56 maturity group appeal strongly to the savings banks and insurance companies. . . .

Still another kind of opportunity for increasing the country bank's income by adoption of the policy of investing temporary surplus cash funds in the Certificates of Indebtedness along lines similar to the daily purchases and sales of Treasury bills by the large metropolitan banks, is receiving increasing attention. . . .

There is no securities market in the world, there never has been one in the past, that compares in scope to the American market in Government bonds and certificates, nor one that offers to the institutional investor willing to spend the time and mental effort required to study and understand it, the possibilities of income enhancement with a minimum of market and the complete absence of credit risk.

To Admit Partners

Aimee Klauber and Edith H. Klauber will be admitted to limited partnership in E. & M. Klauber, 120 Broadway, New York City, members of the New York Stock Exchange, as of March 1st.

Now Frank & Belden, Inc.

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN. — The firm name of Bigelow-Webb, Inc., members of the Minneapolis Stock Exchange, has been changed to Frank & Belden, Inc.

Ohio Municipal Comment

(Continued from page 796)

ever declining supply of tax-exempt investments will have a bolstering effect on prices for totally tax-exempt municipals.

Moreover, at the recent mid-winter meeting of the Ohio Bankers Association it was interesting to note comments from several country bankers to the effect that some have just realized that the amount of their tax bill for 1943 was materially higher than in 1942 or previous years. Some banks who have not heretofore paid income taxes, are now finding that tax-exemption is now of considerable value to them. Most expect that their tax problem for this year will be greater than for last year, and still greater next year. Moreover, some of the smaller banks, who have in the past been in the lowest tax brackets, have found to their surprise that they are suddenly in a higher tax bracket.

As a result of these higher tax bills, and ever declining tax-exempt securities, many banks are belatedly becoming municipal conscious.

Danger of Declining Spread Between High Grade and Lower Grade Bonds

As the Ohio municipal market as a whole moves higher, it is interesting to note that high grades have not been rising as much as have second grade bonds. This fact is reflected in the indices shown in this Ohio section under the heading "Ohio Municipal Price Index." This index for 10 lower grade Ohios set a new high of 1.53% on Feb. 16, 1944, while as of that date the index for 10 high grade Ohios stood at 1.21%, compared with the high of 1.20% set for that group last fall. The spread in price between these two groups has gradually declined until now the lower grade bonds are selling at only .32% more yield than the high grade bonds.

There are probably two important reasons for this declining spread. In the first place, there is probably a growing feeling among investors generally that all municipals are good. The fallacy and the danger of such thinking have been discussed at length in a previous article in the "Chronicle." Suffice it to say here that one should be increasingly cautious of falling prey to such a feeling as the war prosperity approaches an end.

The second reason for the declining spread in price between high grade and lower grade municipals is the growing practice to compare the yield at which a municipal bond is offered, with the yield after taxes that can be had from Governments. As was mentioned in this column last month, too many investors refuse to buy a high grade municipal if the yield is less than the comparable net yield after taxes on Governments, and then buy a much inferior municipal because the yield on it is somewhat greater than can be had from Governments. This practice, coupled with the feeling that even the lower grade municipal is good, is likely to result in the accumulation in one's portfolio of inferior bonds.

It becomes increasingly important for the investor to compare the quality of various municipals, and not merely the price. This fact is true not only in Ohio municipals, and not only in municipal bonds generally, but, today, in the entire field of investments, for too many buyers are too anxious for yield and too little interested in quality.

Future Of Air Transportation

(Continued from page 794)

likely that the operating costs of new transports, which can be built when the war is over, will be substantially less than the operating costs of converted military transports, despite any differences in depreciation charges.

Military transports were not built to meet commercial standards. In order to carry the overloads required, they were built with heavier structures, floors and landing gear than would be needed commercially. We expect that if licenses are sought for today's military transports, it will be found that their payload is not practical. It is therefore our belief that military-transport aircraft will be of temporary value only, merely to span the period until new and more efficient airplanes can be built, and their operation will be costly even for the interim period.

A question of immediate significance concerns the outcome of the flood of applications filed with the Civil Aeronautics Board for permission to engage in air transportation. Some of these applications are serious, some casual, and some have been filed by people who ought to know better.

To name a few of the many application: A promotional-minded Texan has filed an application to operate a flying funeral service. Another promoter would like to operate a flying chicken coop—an exclusive service for hauling baby chicks over unstipulated routes. Then there is the Westerner who seeks authorization to fly up and down the walls of the Grand Canyon in a sort of flying elevator service. Not quite so spectacular is the application of one of the large surface carriers which proposes to provide air transportation to practically every hamlet in the nation by means of the helicopter, which has yet to secure its first commercial license.

Aviation has a great future, but its future is not so great that it can't be marred by absurd ventures. I urge you as citizens and members of the banking fraternity not to encourage uneconomic developments. We do not fear the competition of qualified airline operators; we do emphasize that you who are responsible for the investments of the American public should inform that public that merely because a security bears the aviation label, it is not necessarily sound or speculatively attractive.

And this leads me to a word of caution in asking you not to expect too much too soon in terms of profits or dividends. The air transport industry has a growth factor which should be fully reflected in the ultimate value of its securities. But before these prospects can be realized, a period of expansion will require the plowing back of earnings.

Another important question which we are repeatedly asked is: "What about the effect of cancellation of war contracts?" For the most part, airline war contracts have been undertaken on a cost-plus basis, with nominal fees. The improved earnings of the airlines have resulted from heavy commercial loads and not from war contracts. Hence, the cancellation of war contracts will not mean a loss of earning power to the airlines.

A less satisfactory condition arises from the fact that every airline either has a substantial percentage of its net worth involved in accounts receivable from the Government, or even if its war contracts have been financed by cash advances from the Government, the airlines have a contingent liability to account for these advances until final audit and renegotiation by all of the Government agencies concerned has been concluded.

Another grave responsibility growing out of war contracts is that every airline has a substantial number of employees devoted exclusively to war work. The skill and experience of those employees, and of many others like them in the armed services, will be needed in our post-war commercial operations. Yet there will be a period of transition from contract to commercial operations that cannot help but be costly to the airlines. TWA is planning an extensive training program to meet this situation. The cost of this transition presents an added reason why there should be a prompt and final settlement of war contracts and, even more important, another reason why the Government should at the earliest date possible clarify its policies as to air transportation, both in the United States and abroad.

Bankers frequently ask us about the possibility of airline equipment trust financing. Equipment trusts attract interest because of the apparent security which they give the borrower and because of their wide use in the railroad field. Were these the only factors to be considered, we would undoubtedly advocate the use of equipment trusts. On the other hand, there are serious problems which we encounter in aviation which have not existed with respect to railway equipment trusts. A boxcar is a definable entity. An airplane is an aggregate of thousands of identifiable accessories and parts, which very frequently are disassembled, repaired, inspected and put together again in a totally different combination.

The equipment trust situation becomes particularly complicated when we think of the problems involved in securing a proper lien in all of the foreign lands through which our airplanes shall fly. This problem is surmountable, but the applicability of equipment trusts to our industry needs more study and perhaps legislation before it can have complete success.

Air transportation represents a completely new way of doing things. It will bring about a new pattern of economic life. Its effect will be felt in every line of business. It will accelerate our entire economic activity and will bring about a substantially increased volume of business not only for the airlines but for all commercial enterprise.

I shall not attempt tonight to venture a guess as to the probable future volume of air transportation. The factors which affect air transportation are today in the making and we should, I believe, more properly direct our attention to realizing the maximum possibilities rather than to spend time in arguing as to whose guess is the best.

As the result of air transportation, there will be substantial changes in buying habits. Markets will be enlarged. Inventories in local warehouses can be reduced because odd items can be secured overnight by air. Many raw materials now shipped in the unfinished state will be processed near their point of origin and will be shipped by air in a semi-finished or finished state. Perishable foodstuffs which in many instances find only a limited market will find a vastly enlarged market. In the aggregate, these shipments of perishables and of semi-finished goods, and inventory fill-ins and shipments of an emergency character, will make a substantial volume of air cargo.

May I offer several illustrations of how air transportation generates new business?

Prior to the war European vacations were the exclusive privilege of persons of leisure, many of whom were people of moderate means. School teachers, with their summers free, made up a large share of this travel to Europe. Our modern industrial civilization has largely been geared to the two-weeks' vacation (when you get it). With overnight plane service from New York to Europe, is it not possible to expect that there will be a vast increase in European vacation travel?

Another illustration: In the capital of a South American country the price of meat is high and the quality is poor. Two hundred miles from that capital, across the mountains, are some of the finest grasslands in this hemisphere on which cattle are raised. To get those cattle to market they are driven over mountain passes so rugged that it is necessary to provide the cattle with leather shoes. The cattle are driven from their pasture up over a ridge some 8,000 feet in altitude, down into a valley, up over another ridge and into another valley and, finally, over a very high ridge, and then down to the capital. The cattle-drive takes weeks, their fat is worn off and many of them die from the rigors of the trip. Little imagination is needed to see the possibility of slaughtering the cattle on the grasslands where they are raised and flying the dressed beef to its market.

The most revolutionary transport development will occur in international fields. It is difficult to forecast international aviation because it depends not only upon what is commercially feasible, but upon the policies of our Government and of foreign countries. Let us take a realistic look at the situation in which America will find itself at the conclusion of this war. Our oceanic isolation has vanished. The defense frontiers of this hemisphere lie not along our shores but along the opposite shores of the oceans surrounding us. It is the fervent hope of all of us that out of this war may come an international relationship which will reduce the likelihood of future wars. But until that international relationship shall have been created, and shall have proved itself to be capable of meeting international problems, the United States of America shall have no sensible course open to it other than to maintain its defenses.

In 1917, and again in 1941, the United States found that the protection given it by the Atlantic and Pacific oceans, although recognized to be inadequate, was still sufficient to give us time to convert our production from a peacetime basis to a war economy. I venture the forecast that in any future war the United States will have no more than a few weeks in which to prepare for total war. Any nation which fails to maintain adequate defenses in the future may perish before those defenses can be created.

If this is a correct analysis of the situation, the United States must not only maintain an air fleet as big as any potential aggressor, but it also must maintain aircraft production facilities surpassed by none. The creation of a huge air fleet will not do the job because air fleets become rapidly obsolete. The production facilities which we must maintain are not only the factories themselves, but the machine tools to build as large an air fleet as any, and the trained manpower and production "know-how" which will permit the immediate translation of those facilities into defense weapons.

While we hope that these defense requirements may be kept at a minimum in an orderly society of nations, their cost will still be large. Therefore, America will end this war not only with an astronomical debt but America will be faced with sizable continuing obligations.

We shall not surmount this debt and meet the continuing obligations of national defense and provide employment by attempting to re-establish economic activity in this country at its former low level. Industrial activity must be accelerated—our men must be employed—our national income must be increased. America has no alternative but to accept this responsibility.

The maintenance of aircraft production facilities should be financed by commercial enterprise to the fullest extent possible. The commercial demand for airplanes will not be sufficient to assure the operation of all of the aircraft plants needed for national defense and will not take up all or even most of the slack which will inevitably result in aircraft production. But I do say that commercial aviation can bear a share of the load and make a great contribution to the future of America.

Therefore the role of commercial air transportation, both domestic and international will be: First, to provide a market which will maintain aircraft production facilities. Second, to continue pioneering in aircraft development to maintain our leadership in military aviation. Third, aviation will provide an impetus to commerce and thereby promote post-war employment. Fourth, by improving communication and travel, aviation can bring about international understanding and good-will, the foundation of international cooperation upon which the peace of the world will depend.

Therefore I say to you that air transportation is the Moses of American commerce which can lead us out of economic wilderness and chaos.

There are those who argue that this tremendous responsibility should, in the international field, be placed in the hands of a single company as a "chosen instrument." I say that this responsibility is too great to place upon any single corporation, no matter how well financed or organized. It is our considered opinion that competition in international routes will make a greater contribution to our national economy than will a monopolistic system. Competition must be limited and regulated, yes, but not to the point where it is nonexistent. Before passing this question of giving the responsibility for American flag air transportation to a single corporation, is it not appropriate to inquire why our Government has permitted 18 airlines to operate within our boundaries? If 18 airlines are needed to do the domestice job in a single continent, is it not reasonable to expect that more than one company is required to do the job for our country on a worldwide basis?

The airlines are going to need money, and lots of it. They will need venture capital, preferred stock financing, and plenty of credit. The economics and the requirements of air transportation are different from those of any other business. If you are interested in participating in aviation financing I urge you to become intimately acquainted with our industry. In no other business is the old saying so true: "A little learning is a dangerous thing. Drink deep or taste not the Pierian spring."

It is important that the airlines and their bankers recognize now the monumental size of the financial job ahead and be prepared to do something about it. The present net worth of TWA is $13,000,000. Our capital expenditures and requirements by 1954 might reasonably be forecast, for our domestic operations alone, at $100,000,000. Our company represents 15% of the domestic industry, so this figure can roughly be multiplied by seven and you will have an approximation of the capital requirements of the domestic airline system. Add to that the requirements in the international field and we begin to realize the size of the job ahead. This development cannot be stopped. It will be made either by private industry for a reasonable profit or by the Government for reasons of military security. I believe that the job can best be done by private capital. Your continued and informed interest will, I know, be welcomed by our entire industry.

★ ★

A Record of the Confidence of 7,000,000 Policyholders

THE EIGHTY-FIRST ANNUAL REPORT of the John Hancock Mutual Life Insurance Company of Boston is a summary of accomplishment in 1943, a year of record growth. The increase of assets was $153,420,344.37. Insurance in force increased by $602,365,209.00 making our total insurance in force $6,438,540,577.00, an increase in two years of well over a billion dollars. These increases were the greatest in the history of the Company. Payments to policyholders and beneficiaries were $108,985,001.60 or $363,283.00 per business day.

The Company's purchases of government securities during the year were $150,085,750.00 making our total investments in the obligations of the United States $349,954,718.75.

These records were made possible by the increasing value placed on life insurance by the people of our country and by the confidence of more than 7,000,000 policyholders — more than one-tenth of life policyholders in the United States.

GUY W. COX, President

81st Annual Report

December 31, 1943

Total Admitted Assets	$1,441,468,994.05
Total Liabilities	$1,313,454,251.49
General Surplus Fund	$128,014,742.56
Total Insurance in Force	$6,438,540,577.00

This Company offers all approved forms of life insurance in large or small amounts, including group coverage; also annuities for individuals and pension and retirement plans for corporations and educational institutions.

John Hancock
MUTUAL
LIFE INSURANCE COMPANY
OF BOSTON, MASSACHUSETTS

A COPY OF THE COMPLETE ANNUAL REPORT WILL BE SENT ON REQUEST

★ ★

Michigan Savings & Loan Ass'ns Keeping Pace With War Times

By GRANT H. LONGENECKER

Executive Manager, Michigan Savings and Loan League; Director, Federal Home Loan Bank of Indianapolis

March 29 of this year marks the 57th anniversary of an industry which has meant much to the building of this greate State of Michigan and which has contributed probably more to its growth than the average person realizes. On March 29, 1887, Cyrus G. Luce, then Governor of Michigan, signed the bill that give immediate effect to the statute regulating building, savings and loan associations and their activities in this State.

G. H. Longenecker

However, 1887 was not the beginning of savings and loan associations in this State. The first association in Michigan was organized under the general laws in 1868. It was inspired by a Jackson merchant following a business trip to Philadelphia. While there he became interested in this movement which started at Frankford, Pa., Jan. 3, 1831, a little more than 112 years ago and was spreading rapidly throughout New England and the Middle Atlantic States.

State-Federal Chartered

About the time of the adoption of the law regulating these associations in the State, the movement spread over the State and associations were incorporated in Bay City, Grand Rapids, Kalamazoo, Jackson, Lansing, Port Huron, Saginaw, and several smaller cities. In 1895 the law was amended requiring the publishing of annual reports, the first one being published in 1896. Again in 1897 the law was amended providing for annual examinations and supervision of the associations.

Since that time the State chartered associations have been, without interruption, under supervision of the Department of State.

(Continued on page 805)

12 Federal Home Loan Banks Report Income Of $3,917,000 For 1943 Calendar Year

The net income of the 12 Federal Home Loan Banks for the calendar year 1943 amounted to $3,917,000, of which 20%, or $783,000, was transferred to the legal reserve as required by law, according to an announcement issued on Jan. 20 by Everett Smith, financial representative of the banks. The net income of the banks for the preceding 12 months aggregated $3,903,000. Mr. Smith pointed out that dividend declarations as of Dec. 31, 1943, resulted in the distribution of $1,139,000, which with payments for June 30, 1943, aggregated $2,022,000 in dividends for the entire year. During the year ended Dec. 31, 1943, the net profits of the Federal Home Loan Banks, after payment of dividends and setting aside legal reserve requirements, amounted to $1,112,000. The total net income of the banks from the beginning of their operations through Dec. 31, 1943, aggregated $38,205,000 which has been distributed as follows:

$7,695,000 transferred to legal reserves; $2,123,000 transferred to reserves for contingencies; $16,339,000 paid in dividends to U. S. Government; $5,160,000 paid in dividends to member institutions; $6,846,000 remaining in undivided profits, and $42,000 direct charges to undivided profits (net).

Regarding the banks' advances, the announcement stated:

"Advances outstanding to member institutions on Dec. 31, 1943, amounted to $110,068,000, of which $69,280,000 represented short-term advances which mature within one year, while the balance of $40,788,000 represented long-term advances which mature up to 10 years, and on which installments of approximately $5,118,000 are due within one year. Under the rules and regulations for the Federal Home Loan Bank System, Federal Home Loan Bank advances made for one year or less need not be amortized, but when made for more than one year and up to 10 years, such advances are required to be amortized on a monthly or quarterly basis.

"Of the total advances outstanding on Dec. 31, 1943, $84,204,000 were on a secured basis and $25,864,000 on an unsecured basis. The secured advances were collateralized by 61,897 home mortgages, the unpaid balances of which aggregated $165,199,000, obligations of the United States, direct or guaranteed, having a face value of $37,074,000 and other eligible security amounting to $429,000. In addition to this collateral, the Federal Home Loan Banks held a statutory lien on all stock in such banks owned by each borrowing member institution which, on Dec. 31, 1943, totaled $18,955,000. The Federal Home Loan Bank Act requires that at no time shall the aggregate outstanding advances made by any Federal Home Loan Bank to any member exceed 12 times the amounts paid in by such member for outstanding capital stock held by it.

"Since the beginning of their operations on Oct. 15, 1932, through Dec. 31, 1943, the total advances made by the 12 Federal Home Loan Banks aggregated $1,130,123,000, against which repayments to that date aggregated $1,020,055,000. Except for a $1,310 indebtedness of one member in liquidation and a $79,605 indebtedness of an association operating under a conservator on which the banks anticipate no losses, there were no delinquencies in principal or interest on Dec. 31, 1943, in excess of 30 days."

Mich. S. & L. League Officers & Directors

The following are officers of the Michigan Saving and Loan League:

Thomas C. Mason

President, Thomas C. Mason, Grand Rapids Mutual Federal Savings and Loan Association; First Vice-President, Joseph G. Standart, Detroit Surety Savings and Loan Association; Second Vice - President, Don W. Seaton, Detroit and Northern Michigan Building and Loan Association of Hancock; Secretary-Treasurer and Executive Manager, Grant H. Longenecker, Lansing, Mich.; Directors, W. R. Crissey, Midland Federal Savings and Loan Association; Walter Gehrke, First Federal Savings and Loan Association of Detroit; Wendell C. Gates, Industrial Savings and Loan Association of Battle Creek, and James I. VanKeuren, Capitol Savings and Loan Co., Lansing; J. B. Mikel, Three Rivers Building & Loan Association, Three Rivers.

"Your Savings"

The Fidelity Savings & Loan Association of Kalamazoo, Mich., has prepared an interesting circular entitled "Your Savings," discussing the advantages of savings and loan investment. Copies of this circular may be had from the Association on request.

Among American cities, Grand Rapids boasts one of the very highest percentages of home-ownership. A significant share in the credit is due to the service of this 56-year-old institution.

The home town also appreciates another record—uninterrupted payment of dividends since the founding of Grand Rapids Mutual in 1888.

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Inflation In Urban Land In World War II

(Continued from page 786)

89% above pre-war levels, while residential rents have been effectively held down by rent control to an average of 8% above 1939 rents. Only the favorable factor of almost 100% occupancy of residential quarters in most cities has partially overcome the grave disadvantage of a fixed ceiling on income with a rising trend in operating costs. There is another marked difference between urban sites and farms. To produce an income on agricultural land, it is only necessary to raise a crop or graze livestock upon it, but to produce an income on urban land it is necessary to erect a building upon the site, and new building, except for war needs, is now barred. Hence, vacant city land, or urban land with old improvements, cannot be utilized immediately in most cases, and its value must be discounted for the time it is necessary to wait until building operations can be resumed. If building on a residential lot must be postponed for five or six years, its present value is only slightly more than half of its value when it is ready for use. The value of urban sites depends upon the trends in the values of improved properties.

"Nearly all urban land booms have been preceded by a rise in the net income and the sales prices of existing buildings which stimulated new building, and which, in turn, created a demand for land for building sites. This sudden increase in the rate of absorption of land by buildings frequently led to expectations of a continuation of the peak rate of building at profitable rents for an indefinite period. The land boom had barely reached its top, however, before the feverish rate of new building had produced an over-supply of houses, apartments, stores, hotels and offices, with the result that rents would fall sharply and new construction, being no longer profitable, would almost cease. The demand for land for building purposes would then also fall to a very low level, and all the extravagant hopes of high net incomes from the land would collapse like a house of cards."

Since any boom in vacant urban sites is preceded by an extensive rise in the prices of homes, apartments, stores and office buildings, let us see to what extent an upward movement has already taken place in the prices of such improved real estate.

"Real estate brokers in 287 cities report an average rise of 12% in real estate prices in 92% of the cities in the past two years. In Chicago, Mr. Max Fuhrer, a prominent appraiser and architect, estimates that the market price of apartment buildings there has increased from $450-$550 a room as of 1935 and 1936, to $650-$750 a room as of the middle of 1943, with further increases of 10 to 15% by January, 1944. In New York a rising trend in prices of apartments is reported, notwithstanding rent control. Mr. K. S. Keyes reports that Miami apartment and hotel prices have increased 25 to 33⅓ in the last two or three years. The motivation inducing these purchases appears to be the prospect of higher rents after the war, when rent control is removed and higher construction costs which will make it impossible to duplicate existing buildings at today's selling prices.

"The rise in the price of 50% in the prices of medium-sized single-family homes since 1935 in Chicago, and a rise in prices amounting to as much as 50% since 1941 in many war cities, has been due partly to the inability to build a new house or to rent an old one. Many families were forced to buy homes because they could secure a house in no other way. The OPA requirement of a 33⅓% down payment, which was later reduced to 20%, as a prerequisite to dispossessing a tenant did not apply to houses occupied by owners who were in a position to realize substantial profits in houses bought within the last seven or eight years. Substantial price advances have also taken place in some of the resort areas. The prices of homes in Miami in the $5,000 to $7,000 class, and in Miami Beach in the $10,000 to $12,000 class, have increased 25 to 30% in the last two years. At the same time, homes in areas with few war contracts or large mansions designed for the well-to-do have even declined in selling prices because of the difficulty in securing servants and the high income taxes which curtailed the amount even the wealthy have to spend for household expense. In Miami the prices of $20,000 to $30,000 homes have advanced only 10% in the last year, while the largest homes and estates are selling for 25 to 40% less than a year ago.

"All except the best located retail store properties have no ready market in many cities due to increasing store vacancies as a result of lack of merchandise and rationing difficulties. Outlying store properties in the Miami area have declined 10 to 15% or more in the last two years but the sale prices of downtown business properties have increased 10 to 20% in the last several years.

"Office buildings in most cities are enjoying the highest occupancy ratio since 1929 and not being subject to rent control, office building managers are raising rents.

"The greatest peak of factory production in the history of the United States, as a result of the demands of war, has filled most industrial space and loft buildings and caused rises in rents, notwithstanding the building of $15,000,000,000 worth of war factories by the Federal Government.

"What is the effect of these trends in the rents and prices of improved real estate upon the prices of vacant urban land? So far there has been no pronounced inflationary trend in urban sites. Near the edge of some cities, as in Long Island, N. Y., prices of land have been rising in anticipation of the post-war demand for homesites. In the Miami area vacant land was relatively inactive until the last few months and is now beginning to sell at prices approximately the same as those prevailing three years ago. There is an attempt to revive the sale of lots for post-war homesites with some degree of success in a number of cities. Most purchases of vacant land have been for purposes of improvement and not for speculation. Taken as a whole, there has been only a slight, if any, increase in total urban land values. In fact, for a number of reasons very little appreciation could be expected. In Manhattan and other parts of New York City, assessed values of land have not yet been deflated from the fictitious peak selling prices of the 1920's. In most cities, the memory of the collapse of urban land values after 1929 still lingers. A new crop of land buyers does not come on the scene as quickly as a new crop of stock speculators. It takes a generation to forget a drastic real estate debacle like that from 1929 to 1932. More important however, the prices of improved properties do not yet justify new buildings. Since an average increase of 30% in construction costs since 1939 has kept pace with any anvancing prices of improved real estate, apartments, stores, office buildings and hotels are still selling in many cities at prices below the reproduction cost of the building less depreciation leaving no net income for the land. With the prospect of the competition of huge factories, built by the Federal Government, competing with existing industrial space, with vacancies in office buildings likely to increase with the curtailment of governmental war agencies, with some war centers overbuilt with temporary housing, and with large existing store vacancies in many cities, there is not the pressing demand for new office, store or factory buildings yielding profitable rents that will absorb land at a rapid rate and lead to a land boom.

"There are even more fundamental reasons too for not expecting the urban land boom of the 1920's to be repeated after this war. First, the nation's rate of population growth and, particularly the rate of urban population growth, is tapering off and that fact has been given such wide publicity that it is generally recognized. Hence, a boom cannot be so easily generated on the premise of an ever-expanding population. Second, while there will probably be a large volume of suburban home building after the war, the area available for urban expansion has been increased in geometrical proportion by the automobile and may be still further expanded by the commuting plane. With a total radius of 50 miles from the center of any metropolis, there is a supply of land far in excess of the needs of even a fairly rapidly growing urban center and hence the prices of most of that land cannot be subject to monopoly control. Instead of being tied down to bands within a half mile of fixed transportation routes, builders can develop almost any farm near auto highways. If express highways are built through the crowded sections of cities where traffice proceeds at a snail's pace because of congestion so that the car owner can reach the edge of the city quickly, he can speed for miles into an open country where the area in successive concentric circles increases with the square of the radius from the center of the city. As the ever-expanding urban fringe draws people from the center of the city, land values and building densities will be reduced there also. A stationary or slow growing urban population cannot continue to form a congested mass at the center and also disperse over the commuting area. If decentralization continues, as seems probable, central areas will continue to lose population and land values will continue to fall. This will be altogether desirable from a social and city rebuilding standpoint as it will make possible building at lower densities, with more light and air for rooms, with more park and recreation space and with more of the amenities of the country within the city.

"It seems to me that even without any further controls there will be no runaway inflation in vacant urban land comparable to that which took place in some American cities in 1836, 1852 to 1855, 1869 to 1873, 1887 to 1890 and 1922 to 1925. Rent control, which is by far the most effective form of price control because it is enforced by the tenants and by drastic criminal penalties, is the most drastic regulation possible for discouraging price increases in residential properties. It will be necessary to remove rent control after the war, if there is to be any substantial amount of new building by private enterprise because construction costs, together with all prices, will probably be higher and rents in new buildings must be higher to make it profitable to build. If the differential in rents between the old and new buildings is too great, most tenants will not move but remain where they are under the rent ceiling and hence there will be scant demand for new apartments. The removal of rent control, however, probably will not usher in any extraordinary degree of land speculation because of the competition of numerous sites opened up by the automobiles with unrationed gas. Because of the intensity of land use in the case of apartments, there are many competing sites available for these structures near fast transportation routes in most cities. Land prices will undoubtedly advance materially in areas with unusual advantages, such as, sites adjacent to subway stations and suburban lands adjoining built-up communities, and there will be widespread increases in the prices of large tracts on the edge of cities, but as most of these purchases will be for actual use, rather than for speculation, the evils of a wild land boom will probably be avoided."

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Michigan Savings & Loan Associations Keeping Pace With War Times

(Continued from page 804)

There are also Federally chartered associations provided by an act of Congress in the year 1933. These associations are examined annually and under supervision of the Federal Home Loan Bank Administration, Washington, D. C.

The object of these associations, whether chartered by the State or the Federal Government, which are practically identical in operation, is to promote thrift by providing a convenient and safe method for people to save and invest money and to provide for the sound and economical financing of homes.

The growth of the associations in Michigan was very slow, from their inceptioin until 1915, at which time there were 65 associations with assets of $27,696,545. Today there are in this State 70 associations with assets totaling approximately better than $153,000,000 as of last December 31.

Is it any wonder that the building, savings and loan associations have prospered and multipled until, today, every large city in this State can boast of having one or more institutions. It is not only the large cities that are serviced by these thrift and home financing institutions, but the smaller ones as well, with populations ranging as low as 2,000.

The savings and loan industry in this country is 112 years old and 66 years old in this State. The business, which has for its motto, "The American Home, the Safeguard of American Liberties," is one of America's fundamental institutions. It has made more home owners than all other financial institutions put together until, today, there are more than 7,000 such associations in the United States with total resources of more than $6,000,000,000.

Huge Home-Building Job

In addition to the more than 800,000 homes that these associations have built and financed in Michigan, they are foremost in the encouragement of thrift and the habit of saving that has been acquired by many more thousands of our citizens. The earnings that have been paid to these savers in the form of dividends will amount to many millions of dollars. Savings and loan associations are mutual as to earnings and are principally known as the workingman's institutions since more than 95% of the investment of these associations is loaned on owner occupied homes.

By act of Congress, in 1932, the Federal Home Loan Bank System was created to provide a home mortgage credit reservoir of funds for long-term loans to the savings and loan associations that become members of the system by joining one of the 12 regional banks located in strategic centers to serve every section of the country. The bank serving the Michigan Savings and Loan Associations is located in Indianapolis. In addition to making available ready funds to these institutions when mortgage lending exceeds the investment of savings from the public, these banks also act as depositories for the surplus cash of their member institutions. Membership in the Federal Home Loan Bank System is represented by 97.37% of all the assets in the Michigan associations.

Another Government agency created by an act of Congress in 1934 is the Federal Savings and Loan Insurance Corporation in which the savings and loan associations may become members. This $135,000,000 corporation insures the savings share accounts of its member institutions against loss up to $5,000.

With the high standard of service that the savings and loan associations are giving their communities, and their alertness to the opportunities offered by changing conditions, it can be easily understood how these associations have made such an outstanding growth. With the advent of so many new Federally chartered associations in recent years, much more rapid growth of the building, savings and loan movement in this State can be predicted.

Mich. Savs. & Loan League Conference

DETROIT, MICH.—The Michigan Savings & Loan League will hold its annual Mid-Winter Conference at the Statler Hotel, Detroit, Friday and Saturday, Feb. 25 and 26.

The Conference will begin with a luncheon on Friday, at which Fermor S. Cannon, President of the Railroad Men's Federal Savings and Loan Association of Indianapolis will be principal speaker.

The League's general sessions following the luncheon will be opened by Walter Gehrke, President of the First Federal Savings & Loan Association of Detroit. A principal feature will be a round-table discussion of management problems.

Saturday morning sessions will be given over to two prominent speakers, John F. Scott, President of the United States Savings & Loan League, being one of those who will address the meeting.

It is also announced that the Federal Home Bank of Indianapolis will hold its stockholders' meeting for Michigan members of the Bank during the Conference.

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Canadian Securities

The annual report of Mr. Gordon Towers, Governor of the Bank of Canada, gives statistical proof of the sound financial state of the Dominion. Since August, 1939, the Government has borrowed $7.7 billions, but owing to the redemption of some of its own bonds and Canadian National Railway bonds in London and elsewhere, the net increase in the Federal debt during the war is only $6.6 billions to the present total of $11.3 billions.

The increase has been entirely in Canada and there has been a decrease in amounts payable in London and New York of about $1 billion.

At the commencement of the war, the average coupon rate was 3.61% but now is only 2.69%. The total annual interest payable has increased from $169 millions to $304 millions, but during the war the Canadian National Railway has been able to pay interest out of its own earnings, and the Government has been receiving some revenue from its advances to the Bank of Canada, the Foreign Exchange Control Board and the National Harbor Board, thus reducing the net interest charges to $220 millions, a rise of only $75 millions.

As the national income has doubled and taxable capacity has increased still more, Mr. Towers regards the burden of debt charges in relation to debt capacity as having declined substantially during the war period. It is even less now in view of the increase in national income than it was 20 years ago, when interest charges were about $135 millions and the national income was less than half its present level.

This highly encouraging picture is reflected in the present buoyant state of the Government bond market, which is further strengthened by the official announcement of confidence in the maintenance in the post-war era, of wartime low interest rates.

In view of the outstanding strength of Canadian internal bonds, it is remarkable that there is not more general interest shown in this country in this form of investment, especially as there is the added incentive of a probable 10% bonus should the Canadian dollar be restored to parity with the U. S. dollar, as is confidently expected as soon as the problem of currency stabilization is tackled in a practical fashion.

Furthermore, interest rates in Canada in the 10-year category are roughly 1% higher than here, but as soon as there is any relaxation of wartime controls this differential will tend to diminish. However, it seems clear that the foreign exchange feature, although highly favorable in this case, seems to present an almost insuperable obstacle to the majority of investors.

This timid attitude with regard to foreign exchange problems is to be deplored as in the post-war period we shall be compelled to pay greater attention to this branch of finance if we are to take our proper place in the field of international finance.

With reference to market developments in the past week, good news was received in connection with the Montreal and Alberta debt situations, and it now appears that our confidence in an early settlement of these thorny problems is commencing to be justified. By a 90 to 2 majority, the Montreal City Council has passed the latest debt plan, which now will have to have the approval of the Quebec Legislature and the bondholders. According to an Edmonton report, Mr. Solon E. Low, Provincial Treasurer of Alberta, and persistent advocate of an early refunding of the Provincial debt, is being groomed as national leader of the Social Credit party. Consequently, Montreal and Alberta bonds were strong as was the market as a whole.

Even Saskatchewans, which have been on the weak side, in recent weeks were definitely firm and the 4½s of 1960 were quoted either side of 90. The strongest section of the list, however, was the shorter term category of bonds following increased interest shown in the market by commercial banks. It is worthy of emphasis that Canadian issues in the 5-year group are still outstandingly attractive, when contrasted with comparable domestic bonds as the following list clearly illustrates:

Dom. of Canada 4s	1960-50	2.40%
Canadian National Railway 5s	10- 1-1969-49	2.45
Prov. of Ontario 4s	6- 1-1949	2.35
Prov. of Quebec 3s	7-15-1949	2.50
Province of British Columbia 5s	1-25-1949	2⅞
Prov. of Nova Scotia 4½s	11-15-1948	2.65
Province of New Brunswick 4½s	12- 1-1947	2.55
Prov. of Manitoba 4½s	10- 1-1951	3.70
City of Toronto 4½s	3- 1-1949	2.50

In reviewing the situation generally, it is increasingly apparent that market interest is broadening, and the impact of the growing demand is likely to be felt to the greatest degree within the 10-year range of issues and especially in the five-year maturity area.

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How Aggressive Should Our Investment Policy Be At This Time?

(Continued from page 787)

weight in judging the current situation. The statistical data gives only part of the story. From past experience, and not always sweet, we know that the response of investors and speculators is also of first importance. History has shown repeatedly that there can be a considerable variation in stock prices with no apparent basic justification. When both approaches lead to the same conclusion, as I believe they do at this time, then one can act with greater confidence.

To acquire perspective, it is desirable to refer back to 1940 and into the spring of 1942. Developments in domestic and world affairs had driven stock prices down for over two years. Hitler and his henchmen had exerted their maximum bearish influence. The Administration's "stab-in-the-back" tax proposals in February, 1942, set off the final phase of decline. The stock market became thoroughly liquidated under pressure of fear and apprehension. The stock market became truly dehydrated. Then, at last, the rains came. It became assured that the Axis would be defeated. There were growing evidences of a political term more favorable to our system of free enterprise. Industry adjusted to conditions of war. And stock values commenced to reflect reality. To many of us, there is no room for doubt but that the lows of 1942 saw the turning point between a major value consuming bear market and a major value creating bull market.

In the long, steady advance from the spring of 1942 to the early summer of 1943, the upside influence gained sufficient momentum that they could have completely exhausted themselves before the July-November decline set in. Considerable speculation took place, especially in low-priced stocks. The market was particularly vulnerable to profit-taking and liquidation when the "peace scare" associated with the elimination of Mussolini developed. The combination of circumstances carried both peace and war stocks into a readjustment. If the pressure to sell stocks had been as great as is generally necessary to precipitate a prolonged period of liquidation, it seems to me that the market would likely have had a more drastic phase of decline. On the contrary, it appears that this was primarily a period of qualitative readjustment to the prospects of the ending of the European war within a reasonable period, and not a period of general heavy liquidation of stocks. With the readjustment within the market to the prospects of the ending of the war so far advanced, the market response to the actual ending of the war could be very different from that suggested by the July-November decline.

It is almost shocking how consistently fear has been more depressing than ultimate reality during these recent fateful years. In September, 1938, fear of war precipitated a decline in the stock market. When the Munich Conference was announced, with the false "Peace in Our Day," the market quickly advanced about 25 points, as measured by the Dow-Jones Industrial Average. Fear of war precipitated a serious decline in the spring of 1939, and again caused liquidation of stocks immediately preceding the outbreak of the war, only to be followed by a sharp advance when the terrible thing actually started. The practice of dominating speculators and investors appears to have been to lighten commitments when we approach a crucial period, and then after it occurs, whether peace or war (you could almost say, good or bad), scramble after all that they had sold and then some. It surely would have been profitable to have done the opposite; that is, to acquire stocks during the period of apprehension when others were lightening their commitments. Having passed through the period of intense apprehension last November, the market may have little difficulty in absorbing any remaining selling that might take place.

The pattern of the July-November, 1943, decline appears to have favorable market implications that should not be underrated. The initial decline carried the Dow-Jones Industrial Average from 146 to 134. Thereafter, to about the middle of September, the market worked up to 141. On this advance the groups classified generally as "war beneficiaries" made very little progress. There developed a strong feeling in the financial district that the end of the European war might be close at hand. (From the point of view of the stock market, whether it was or was not justified is not of first importance.) The newspapers discontinued publishing speeches, reports and estimates outlining a deferred demand boom. In their places were reconversion problems. Contract cancellations, Government-owned plants, war inventories, threatening unemployment and severance pay became full-grown problems. Fears of the period immediately following the end of the European war replaced visions of "them there beautiful mountains over yonder." Into this setting came rumors of a great conference. "Anything could happen," we were told. As one widely-read investment service summarized it: "Rumors of negotiations looking toward surrender of Germany may or may not be true, but at least the stage is being set for exactly that kind of development. It is clear enough that the European war could collapse at any time from this point on."

This reproduces the atmosphere that existed at the time the stock market broke through its July-August low on Nov. 8, 1943. We had the first and only 2,000,000-share day since before the 1943 top was reached in the market. How uniform was the selling pressure is evidenced by the fact that approximately 90% of the individual stocks traded that day on the New York Stock Exchange declined in price. It was an appealing, emotional invitation to all who wanted to sell stocks. But apparently almost everyone who now wanted to sell was in that group who can observe the weakness in the morning and execute their orders before the three o'clock bell. The next day the market stabilized on less than one-half of the previous day's volume. Three weeks later the market was moderately lower, but still the invitation extended to liquidate went unheeded. Financial papers reported more bearishness about the outlook for the stock market than had existed in over a year. If the market had been in a position for a further decline at that time it very likely would have occurred. Rather, the market advanced about 10 points in terms of the Dow-Jones Industrial Average, and relatively more for both the railroad and public utility indices. The implications were that the stock market as a whole had become adjusted to prevailing and discountable conditions ahead.

This leads directly into the next logical consideration. In three or six months from November, 1943, will the influences dominating the market be more or less favorable than they were then? The possibilities are very good that they have and will continue to improve. We were as unprepared last November for the end of the war in Europe as we were unprepared for the Pearl Harbor attack. The leaders in Washington are now as aware of the need of proper advanced preparation for the period of reconversion as are the leaders in business. The Congress has committees at work in an effort to anticipate and mitigate the problems of reconversion. Also, the Administration has set up the important Baruch Committee. Industry is making definite plans. Some materials have become available for the development of post-war products and the blueprints are being completed. Limited reconversion has already occurred in certain industries. We have already left the exclusively talking phase, and are in the period of preliminary action. It will be slow, but as every month increases deferred demands and spendable savings, so does it see progress in overcoming or lessening many of the problems recently feared. Consequently, it is entirely possible that by the time the next "peace scare" or actual peace in Europe occurs, there will be less intense fears about the immediate-end-of-the-war problems than there were in late 1943.

* * *

As I re-study the basic influences underlying the stock market, I keep arriving at the conclusion that on balance they are more favorable than unfavorable. The superstructure of prices appears to rest upon a stronger foundation than it has had for years—and a foundation that is apparently gaining in strength.

The ending of the war within a reasonable period is a discountable certainty. Knowing the characteristic of the stock market to adjust in advance to most predictable developments, not so much because of composite wisdom as it is the characteristic of going to extremes, I can't help but believe that most, if not practically all, of the immediate-end-of-the-war problems have been largely discounted. Probably never before has such a momentous development been so widely heralded in advance of its certain happening. We know that one who has continued to hold war stocks because the second front in Europe has not even begun, let alone the defeat of Japan, has been playing a losing game of "hide-and-go-seek" with the financial poorhouse. U. S. Steel, in declining from approximately 80 to 50; Kennecott from 45 to 30; Lockheed Aircraft from 40 to 15; Todd Shipyards from 100 to 55, and Niles-Bement-Pond from 18 to 10, to represent war stocks, have done a lot of discounting. And if prospects for the ending of the war have been sufficient to cause such declines, it is only natural that prospects for peace would have improved the status of stocks of companies that would benefit by the ending of the war—a majority of traded securities. This alone has justified a considerable rise in good post-war securities and the market generally since early 1942.

The change for the better in the political background is a major influence upon stock prices. It is probably not an understatement to say that during the past decade our American institution of free enterprise has survived its severest test. A philosophy of reality and hope is replacing the philosophy of defeat and fear, inspired in part by the change in the administrative leadership. One trembles when he thinks what might have happened if the "Brain Trusters" were in the driver's seat now, with the Government owning close to 25% of our plant capacity. To a large extent, such people have been replaced by men like Charles E. Wilson (big business), Donald M. Nelson (big business), Bernard M. Baruch (Wall Street), and John Hancock (Wall Street). The "money changers" have been invited back into the temple! From an investor's point of view it is

(Continued on page 808)

Municipal News & Notes

New York State Comptroller Frank C. Moore announces that he will receive sealed bids at his office in Albany, on March 1, for the purchase of an offering of $8,330,000 housing bonds. The proceeds from the sale of these bonds will be made available to Housing Authorities in New York City, Schenectady, Niagara Falls, Elmira, North Tonawanda and Tonawanda to provide for the permanent financing of housing projects which have been completed or are nearing completion. The money so provided will be repaid to the State as the housing bonds mature, together with interest at the rate borne by such bonds.

This method of assistance to housing was authorized by amendment to the State Constitution in 1938. It enables the municipalities and authorities to finance housing projects at the low interest rate which the State, because of its sound financial condition and fiscal policies, command. These benefits will in turn be passed on in the form of reduced rents to the tenants of the housing projects.

In conformance with the practice he initiated last year, Comptroller Moore has reserved to the State the right to call the housing bonds for payment before their maturity dates.

The new bonds will be issued in coupon form in denominations of $1,000 and in registered form in denominations of $1,000, $5,000, $10,000 and $50,000 at the option of the purchaser. They will be dated March 2, 1944, and will mature at the rate of $170,000 annually in each of the years 1946 to 1994, inclusive, interest being payable semi-annually.

Jersey City Net Debt Cut $3,476,218 in 1943

The city of Jersey City, N. J., again in 1943 effected a substantial reduction in its net public debt, marking the eighth consecutive year in which the total was lowered. Last year's cut amounted to $3,746,218 and brought the amount still outstanding to a level of $50,501,048 as compared with $71,173,114 on Dec. 31, 1935, according to a report released last week by Wainwright, Ramsey & Lancaster of New York City, the city's financial consulants.

The aggregate reduction of the net public debt since 1935 has totaled $20,672,066, or 29%, the report shows, adding that future debt requirements call for a further reduction in the next five years of over 33% in the net general debt outstanding as of Dec. 31, 1943.

The report points out that the 1944 tax levy is estimated at $25,831,256, a net increase of $861,868, "but as the 1944 budget of Hudson County (of which Jersey City's portion is about 50%) shows a reduction of about $360,000 the final tax levy should be somewhat below the figure in the budget estimate." New Jersey laws require that the preliminary budget contains estimates for State and county taxes no less than the levies for the preceding year. The preliminary 1944 budget for municipal operating expenses contains appropriations of $13,944,994, as against $13,155,156, in 1943.

Total unencumbered surplus now stands at $8,959,196 compared with $8,379,840 at the beginning of 1943. The report calls attention to the fact that, after cash appropriations of $2,769,406 in the 1944 budget, there remains unappropriated $6,189,790. The report further states that this sum, retained as an operating fund, eliminates the necessity of current borrowing.

In connection with the collection of back railroad taxes, the report says that, "pending settlement of the case now before the Court of Errors and Appeals, the State Treasurer is holding certified checks of the railroads amounting to approximately $20,000,000. Regardless of the outcome of the suit, it is estimated by the City Comptroller that Jersey City will receive approximately $6,000,000 of the funds tendered to date. When received, these monies will represent an addition to unencumbered cash surplus."

Reduction last year by the Hudson County Tax Board in valuations of real property are being appealed by the city, and the corporations which received increases in the valuation of tangible personal property are likewise appealing. The Board has given no indication as yet as to what action it will take in respect to 1944 valuations, says the report. The Board in 1943 ordered a cut of about 22% in the values of real property in Jersey City, and at the same time increased personal property values recorded by the city from about $43,050,000 to $98,118,700.

Worcester, Mass., Debt Cut 43% In Five Years

While reports of extensive debt reduction by States and municipalities are now a commonplace, the record in this respect of the city of Worcester, Mass., is particularly impressive and worthy of special mention. According to a statement issued by City Treasurer H. J. Tunison in connection with yesterday's offering of $500,000 revenue anticipation notes, the city reduced its bonded debt by $1,962,000 in 1943 and to the extent of no less than $5,762,000 from June 30, 1939, to the present time.

The grand aggregate on the earlier date was $13,475,000 and compares with the present level of $7,713,000, a reduction of nearly 43% in the five-year period. The average interest rate on bonds outstanding is 1.59% and Mr. Tunison further reports that the city has a combined revenue surplus, overlap surplus, water surplus and war bond reserve of about $1,200,000.

With respect to tax collections, it is reported that over 94% of the 1943 levy has been paid; more than 99.9% of the previous year and no taxes of 1941 and preceding years remain unpaid.

Conference On Post-War Housing Scheduled

Leaders in all fields of housing—research, planning, construction and finance—will participate in a National Conference on Post-War Housing to be held March 8, 9 and 10 at the Drake Hotel, Chicago. The conference is being sponsored by the National Committee on Housing, Inc., of which Mrs. Samuel I. Rosenman, of New York, is Chairman.

The March 8th program will be devoted to a discussion of methods of post-war redevelopment of cities. The March 9th program will consider the role of Government in the field of housing finance. The March 10th program will be devoted to study of new home building materials, techniques, costs and financing. Discussions will be conducted by leaders in the various fields.

In addition to the three specialized programs, there will be a luncheon on March 9th at which John B. Blandford, Jr., Administrator of the National Housing Agency, will speak. There will be a dinner-meeting the evening of March 9th at which Henry J. Kaiser, shipbuilder and industrialist, will speak on "Building the Future," and Beardsley Ruml, Chairman of the Federal Reserve Bank of New York and Treasurer of R. H. Macy & Co., will speak on "Financing the Future."

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Speakers on the first day of the conference will include Hugh Potter, President of the Urban Land Institute, Houston, Texas; Carl H. Chatters, Executive Director, Municipal Finance Officers Association, Chicago, and Ira S. Robbins, Acting State Commissioner of Housing of New York, New York City.

The March 9th program, to be a study of the role of Government in the field of housing finance, will be introduced by Miss Elizabeth Wood, Executive Secretary of the Chicago Housing Authority.

Municipal Post-War Project Planning Shows Progress

Public works officials need more trained personnel and additional funds for detailed planning of public works if they are to prepare an adequate program of useful and needed public improvements for construction during the period of transition from war to peace.

This was indicated by a survey of 68 cities on the progress of advance plan preparation and engineering design conducted recently by the American Public Works Association. Size of reporting cities ranges from Greendale, Wis., with a population of 2,700 to San Francisco with a 674,000 population.

According to the survey, for every $1,000,000 worth of municipal public works ready for the contractor, $3,000,000 worth is under survey and $9,000,000 being given preliminary study.

Contracts could have been let for capital improvements amounting to $48,124,371—$8,000 worth of public works construction per 1,000 population—on Jan. 1, 1944, by the 68 cities reporting. Surveys and plans had been instituted for capital improvements valued at $139,430,608, or $23,100 worth of public works per 1,000 population. Preliminary studies of a general nature were started on projects totaling $437,530,102 worth of public construction, approximately $72,500 per 1,000 population.

Among reasons for the lag between completely planned improvements and needed public works on which only preliminary studies are underway is the shortage of trained engineering personnel in the public works departments, the association said. Seventy-five per cent of the cities reporting indicated additional personnel was necessary for development of adequate public works programs; similarly, 76.5% indicated the need for more planning funds.

At least 67% of the cities, most of them in the larger population group, believe Federal assistance would further local advance plan preparation. Given sufficient funds and adequate staffs, all 68 cities indicated capital improvements valued at $173,000,000, or $28,600 per 1,000 population, would be designed this year.

Deferred maintenance projects amounting to approixmately $19,733,975 have accumulated in the reporting cities—a ratio of $3,270 per 1,000 population.

A rough estimate of advance plan preparation by all cities under 1,000,000 population shows capital improvements valued at $550,000,000 were ready for contract, $1,600,000,000 were being surveyed and $3,780,000,000 worth of public improvements under preliminary study by Jan. 1. Types of work include streets and bridges, sewerage and water supply, public buildings, refuse disposal facilities, airports, recreational facilities, drainage and flood protection and other miscellaneous public projects.

Municipal Utilities Had Profitable Year, Survey Indicates

On the basis of reports received from several communities having their own water and electric plants, municipally-owned utilities have had a profitable year, it is reported by the International City Managers Association. Reports to the association show that:

The Elizabeth, N. J., water board will divide an operating surplus of between $400,000 and $500,000 among consumers through rebates on bills for the first quarter of 1944. The large surplus is attributed mainly to increased industrial consumption of water.

Wyandotte, Mich., recently refunded to electricity consumers 10% of their net annual bill for the fiscal year ending last September. The city took this step rather than further reduce the low rates already in effect.

Ames, Ia., cancelled all January, 1944, electric and water bills, totaling more than $35,000, because of a large cash reserve in its utility fund.

The city-owned Kirkwood, Mo., light department will rebate the entire amount of the December electric bill of $21,000 to more than 4,100 consumers.

Three southern cities which bought Tennessee Valley Authority power last year paid consumer dividends in lieu of reducing rates. The cities were Athens, Ala., and Tupelo and Columbus, Miss. The refunds totalled $10,003, $42,249 and $41,564, respectively.

Action of the communities, along with others cancelling or rebating utility bills in recent months, is the result in part of a greatly increased use of utilities—with consequent increase in revenues—while expenditures for maintenance remained fairly stable, or even declined.

This latter is due largely, the Association said, to the inability of the utilities to obtain material and equipment to extend utility services to additional areas, and to deferred maintenance policies brought on by wartime restrictions.

N. Y. Curb Opens Its 1944 Red Cross Drive

The New York Curb Exchange's 1944 Red Cross Drive opened in the afternoon of Feb. 17 in the Board of Governors room of the Exchange with the presentation of two films and a brief talk by a field worker of the American Red Cross, explaining the urgent need for the current drive. The Exchange's Red Cross Committee is headed by Fred C. Moffatt, President, who will be assisted by Carl F. Cushing, Charles E. Judson, R. W. Kerpen, Charles J. Kershaw, Charles Leichner, John M. Maurer, A. Philip Megna, Edward J. Shean and Morton Wohlgemuth in a one-month drive to raise $10,000, their goal this year. The first film, the War Department's "Lifeline," was a 20-minute portrayal of the opening attack against Rendova and Munda, showing the evacuation of our wounded heroes. There was also presented "At His Side," the nine-minute Red Cross film. The program was repeated on Friday, Feb. 18.

Gartley Director Of Nat'l Sec. & Research

Henry J. Simonson, Jr., President of National Securities & Research Corp., 120 Broadway, New York City, announces the election on Feb. 14 of Harold M. Gartley as a Director of that corporation.

Mr. Gartley is President of H. M. Gartley, Inc., established over 10 years ago. This firm is engaged in the business of rendering investment counsel service to a number of large individual and institutional accounts and also in the issuance of periodic investment services to hundreds of individuals throughout the country. Special studies of individual companies and issues have been made by this firm for some of the most prominent institutions in the "Street."

Mr. Gartley has had 30 years' experience in Wall Street. He has been affiliated with such Stock Exchange firms as Post & Flagg, Frazier Jelke & Co. and Orvis Bros., and has also been employed by the Tri-Continental group of investment companies. He has written extensively on investment and market subjects for many of the outstanding financial publications.

The Comptroller of the State of New York
will sell at his office at Albany, New York
March 1, 1944, at 12:30 o'clock P. M.

$8,330,000
Housing (Serial) Bonds
of the
State of New York

Dated March 2, 1944 and maturing as follows:
$170,000—annually March 2, 1946 to 1994 inclusive.

Redeemable by State on notice, on March 2, 1964, or any interest payment date thereafter.

Principal and semi-annual interest March 2 and September 2 payable in lawful money of the United States of America, at the Bank of the Manhattan Company, New York City.

Descriptive circular will be mailed upon application to

FRANK C. MOORE, State Comptroller, Albany, N. Y.

Dated: February 23, 1944.

How Aggressive Should Our Investment Policy Be At This Time?

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like replacing bad management with good. The future problems are not eliminated, but the ability to work out the problems satisfactorily has been greatly increased. A similar improvement in the management of a leading organization would result in a higher price-earnings ratio for the stock. It is equally logical that stocks in general would capitalize earnings at a higher ratio with this improved leadership.

The Federal Reserve Board Index of Industrial Production is now at approximately 250. If, with the termination of the war boom, it were to decline one-half and stabilize at about 125, it would surely be deflated, allowing for the economic forces at work. If excess profit taxes are eliminated and normal taxes remain at 40%, this level of business would generally result in earnings in terms of the Dow-Jones Industrial Average of about $10 per share. During the years 1932 through 1934 earnings in general were at such low levels that the prevailing times-earnings ratio is of little significance for normal purposes. At the 1935 low, which was made while there was still uncertainty, and before the big move that led into 1937 really got under way, the market sold at a low of 14 times earnings. The 1936 low was approximately 14 times earnings. The 1937 low earnings ratio is not representative because the market had a sharp break and the year's earnings were still high. Conversely, the 1938 ratio was far from normal because of the low level of earnings. Nevertheless, the low times-earnings ratio for these two years averaged only slightly less than 14 times. The 1939 low times-earnings ratio, which was made in the spring of the year under severe market conditions precipitated by the fear of war, was approximately 13. During the war period the times-earnings ratio is naturally lower. It averaged about 10 times for the years 1940-43, inclusive. (These ratios are for the Dow-Jones Industrial Average.) On the basis of past experience, it would seem reasonable to expect the market, under other than the most temporary unfavorable conditions, to average on the low side about 14 times earnings. Fourteen times $10 is 140 for the Dow-Jones Industrial Average. (The current level of this average is about 135.) Prior to 1940 the Dow-Jones Industrial Average, at its yearly high, had not sold less than 17 times that year's earnings in any year since the 1920's. The ratio for 1937 and for 1939 was approximately 17. Seventeen times $10 equals 170. During the years following the war, referred to as the period of deferred demand, business could easily rise on a 12-month basis to more nearly 150 FRB. This level of business and a 40% Federal tax could well result in earnings for the Dow-Jones industrial companies of about $12 per share. Fourteen times this figure is 168. Since some of these earnings might be viewed as temporary, to be cautious, we would want to judge them against a low times-earnings ratio. However, should the market repeat its ever-recurring habit of going to extremes and sell at 17 times $12, the Dow-Jones Industrial Average would exceed 200.

We have recently rechecked the post-war earnings estimates for all of the companies on our Selected List. Taking the estimates for each company and valuing these estimates in keeping with an average of 14 times earnings for the Dow-Jones Industrial Average, we arrive at valuations on the basis of 125 FRB approximating current prices and, in some instances, moderately above current prices. Valuing these same earnings on a basis equivalent to 17 times earnings for the Dow-Jones Industrial Average, we arrive at values for the stocks on our Selected List as a group 50% above the current price. Judging the companies on our Selected List against a post-war background of 150 FRB and 40% taxes, and at prices equivalent to an average of 17 times for the Dow-Jones Industrial Average indicates an average potential appreciation which is decidedly appealing.

The earnings figures used may be quickly attacked by some, especially on the grounds that the tax rate used is too low. It may be that it will be some time after the end of the war before tax rates are reduced to their post-war minimum, and it may be that the figure will remain above 40%. However, from the point of view of judging the market at this vantage point, it seems to me that the 40% figure is reasonable. The very phrase "excess profit taxes" implies a temporary tax. When we come into the post-war period it is probable that there will be at least one phase during which the investor may anticipate an even greater reduction than actually takes place. The very fact that we have probably reached the ultimate in high taxes, and with the end of the war will be on the threshold of a decline in taxes, is important.

Another approach in judging the position of the market is to compare the present with a period in the past when the market was faced with difficult problems. As I have stated before, in the spring of 1939 the market was driven down severely by the fear of war and unfavorable political developments. The practical buying low made at that time was 125-130 in the Dow-Jones Industrial Average. Considering the prospects of peace within a reasonable period, which is surely less fearful than the prospects of war, the improvement in the political background, and the improvement in finances of corporations, the market appears cheaper today at about the same level than it was before the outbreak of war.

To obtain an even broader perspective, it is worth observing that so long as industry continues the practice of retaining part of earnings within the business, the long-term trend of common stock prices is upward. There can be discouragingly long periods when these basic influences are offset by deflationary developments such as we have seen during the past decade, but in the end they will assert themselves.

The danger in being wrong in making any specific post-war estimates is very great. This is true in a difficult way when talking about the future level of the Federal Reserve Board Index of Industrial Production, because we do not know what levels of this "adjustable" index will correspond with reasonable and good levels of business. The rates I have referred to are only suggestive of business conditions as we have understood this index in the past. The inexactness with which we can forecast the future in detail would be discouraging if it were of controlling importance. Nevertheless, allowing for reasonable error, our statistical studies suggest that the stock market in terms of carefully selected issues, is at a sound investment level, and over a period of time could appreciate substantially. In my judgment the market observations against the unfolding background encourages the same opinion.

In this line of reasoning there is the missing link between the present and the future. We must cross the bridge which connects the war and the post-war periods. There is the danger that investors will become overwhelmed by the severity of the torrent of war-boom-liquidation. The probabilities are, however, that the longer-term prospect will remain a steadying influence. As I visualize the bridge it has a strong railing to which the investor can hold for security. Reference to the over-worked automobile industry helps to clarify this consideration. In 1941 we were told that the automobile companies could not produce armaments. Pearl Harbor meant the end of automobile production for the war, and the outlook for these companies was interpreted as very drab indeed. This was reflected by the prices of their stocks: General Motors 29, and Chrysler 41. But here we saw well-managed industry at work. Soon these very companies were leading the parade of miraculous armament production. Profit margins are abnormally low, but earnings are satisfactory, considering that we are at war. This observation is equally true for many other segments of the economy. Company after company has gone through the same cycle.

Now we come to the end of the war. The war contracts of the automobile companies are cancelled. Will there be any doubt about their ability to reconvert to the production of cars? Will there be any doubt about a strong demand for their products? In the 1930's the industry had to produce about 20,000,000 cars in order to increase the number of cars on the road by about 6,000,000. Before the war is over there will almost certainly be a reduction of more than 6,000,000 cars on the road. If the experience of the 1930's is repeated, the industry may have to produce at least 20,000,000 cars to restore 6,000,000 cars to the road, and the deferred demand for automobiles will surely not be satisfied until there are more cars on the road than there were at the previous peak. The last bombing raid may be a salute to the end of the war, but it will also be a salute to an awaiting boom for these companies. This observation is equally true for many other segments of the economy. It is also true for our economy as a whole to an extent that is not apparent on the surface. This is not a background for severe liquidation of stocks of companies that will do particularly well in this period. Its approach is a sustaining and possibly an uplifting influence.

A great deal of planning has gone into the post-war, down-side problems. One would almost be led to think that in the past most of our troubles were in dealing with deflation. People are so conscious of these difficulties and the necessity of avoiding serious unemployment that it is quite generally taken for granted that it must and will not be permitted. This suggests a floor in business and employment much above depression levels, but, of course, a rough and undesirable floor.

However, isn't there at least a possibility that things may be different? In the long history of America controlling periods of excesses have often been our most difficult problems. When peacetime production of the many items not now being produced is resumed there will be many price rises. Almost three-quarters of the cost of producing manufactured goods consists of wages, and the big rise in basic wage rates already effected will force a rise in prices until industry is able to perfect offsetting efficiencies. But this is only part of the picture that lies ahead. Labor has become thoroughly and strongly organized. With the lower levels of production, when war contracts are terminated, all will agree that creating additional employment is of first importance. Therefore, it is logical to expect that there will be an effective drive to reduce the weekly hours to even less than they were before the war. Concurrently, people will say that consumer purchasing power must be maintained. This will encourage labor to demand a maintenance of weekly incomes at high levels, notwithstanding the reduction in hours worked. If this is done it could increase unit costs and force a further rise in prices.

There will be a period of time required to meet the demands for many items that are not now available. Again referring to the automobile industry, if one who has saved to buy a car is asked to defer his purchase for a year or so because enough cars are not available, he could easily be induced to buy stocks of automobile companies that would benefit by the earnings derived from the production and sale of cars to others until his car is available. This is equally true of many products, and could stimulate the demand for many stocks. With this background the common stock salesman could be more popular than the Fuller Brush man.

If this condition should develop, what would be the effective means of control? Raising the call-loan rate, as has generally been done in the past, would not now produce a serious restraint upon rising stock prices. With the Government having an unbalanced amount of short-term bonds outstanding, interest rates could

In the opinion of counsel, based on present statutes and interpretations as thus far construed by the courts, interest on these bonds is exempt from Federal Income Taxes.

$3,310,000

Chicago Park District

1½% Refunding Bonds of 1944, Series J

Due March 1, 1964

These Bonds are subject to call for payment by lot at the par value thereof and accrued interest on the date that they severally become optional or on any interest payment date thereafter upon 30 days' published notice. $185,000 are optional on September 1st of each of the years 1946 to 1959 inclusive; $180,000 are optional on September 1st of each of the years 1960 to 1963 inclusive.

These Bonds, to be issued for refunding purposes, in the opinion of counsel will constitute valid and legally binding obligations of the Chicago Park District, payable from ad valorem taxes levied against all the taxable property therein without limitation as to rate or amount.

Prices to yield 0.75% to 1.50%

to optional date and coupon rate of 1½% thereafter until redeemed

These bonds are offered when, as and if issued and received by us and subject to approval of legality by Messrs. Chapman & Cutler, whose opinion will be furnished upon delivery. The offering circular may be obtained in any state in which this announcement is circulated from only such of the undersigned as are registered dealers and are offering these securities in compliance with the securities law in such state.

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PIPER, JAFFRAY & HOPWOOD MINNEAPOLIS

Dated March 1, 1944. Interest payable March 1, 1945 and semi-annually, March 1 and September 1, thereafter. Principal and interest payable in Chicago, Illinois. Coupon bonds in the denomination of $1,000, registerable as to principal only. The information contained herein has been carefully compiled from sources considered reliable, and while not guaranteed as to completeness or accuracy, we believe it to be correct as of this date.

February 24, 1944.

hardly be permitted to increase for a period of time even if the continued low rates encouraged the beginning of a credit boom. Increasing reserve requirements might not be seriously deflationary for a considerable period, in view of the very large volume of deposits and excess funds generally.

If such a background were to develop it could cause people to become actively concerned about the future purchasing power of the dollar. Over the centuries many "fiscal tricks" have been tried, from clipping coins to issuing fiat money and devaluing gold. In the history of world currencies, however, moneys created by governments have ultimately sought their gold value. There has been no monetary purity on the part of the Government during recent years that would give confidence that things would be different this time. I do not wish to overstress this point of view. There are many things that could be done and would be done, and probably the most effective would be a resort to taxation as a means of control. However, the monetary background must not be overlooked. It is an upside influence on stock prices that could become important should we enter a period of advancing prices and a desire to spend a portion of the funds that have been accumulated during recent years. It is a possibility that should not be overlooked in formulating investment policy.

* * *

When one contemplates the problems that will be ushered in with the ending of the war, a feeling of fear is unavoidable. We are in an election year, and President Roosevelt may be reelected for the fourth term, extending his reign over these United States beyond that of the majority of the Kings and Queens of the British Empire. And the foreign political and social hodge-podge will be a disturbing influence for an indefinite period. It has never been profitable to hold stocks generally when production is at a boom level and is sure to have a substantial decline, and when employment is at a new all-time peak and is certain to have a substantial decline. The emotional response calls for caution. On the other hand, when one looks at the underlying forces that may be at work, one finds many reasons to be aggressive. In my judgment the response based on reason calls for accepting the present as a time to accumulate additional favorably situated stocks.

The investment equation that comes from this analysis is selectively cautious buying. The down-side risk seems relatively small; the longer-term upside possibilities could be substantial. In the meantime the average yield on good common stocks is attractive against the background of artifically low bond yields. The application of my thoughts might be made clear by an academic equation "SCB2." This means one part "selectively cautious" and two parts "buying." Should by chance the market during the next few months be forced below the November, 1943, lows on the break-through, I should immediately revise the equation to "SCB10," because of the great probability that the decline would be limited, in general, to only a few points, even less for carefully selected stocks be only temporary, and followed by substantial profits before too long for patient investors.

Attractive Situation

Empire Sheet and Tin Plate Company offers attractive possibilities according to a detailed memorandum being distributed by Hill, Thompson & Co., Inc., 120 Broadway, New York City. Copies of this interesting memorandum may be had upon request from Hill, Thompson & Co., Inc.

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BOSTON, MASS.—**William B. Coy** has joined the staff of **E. H. Rollins & Sons, Incorporated,** 75 Federal St.

(Special to The Financial Chronicle)

BOSTON, MASS. — **James J. Collins** is with **Trust Funds, Inc.,** 89 Broad St.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Arthur C. Sacco,** previously with Alexander & Co., is now connected with **Ryan-Nichols & Co.,** 105 South La Salle St.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Robert M. Bridges** has become associated with **Central Republic Co.,** 209 South La Salle St.

(Special to The Financial Chronicle)

CLEVELAND, OHIO — **William L. Strong** has become associated with **J. S. Bache & Co.,** National City Bank Building. Mr. Strong in the past was with the Federal Reserve Bank in Cleveland and with Murfey, Blossom & Co.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—**Judson J. Wickham** is now affiliated with **Hawley, Shepard & Co.,** Union Commerce Building. Mr. Wickham, previously was with Paine, Webber, Jackson & Curtis, Johnson, Kase & Co. and Otis & Co.

(Special to The Financial Chronicle)

FRESNO, CALIF. — **Alexander Brown** has been added to the staff of **Andrew W. Quinn,** Brix Building. Mr. Brown formerly was with H. R. Baker & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**S. S. Woodbury,** previously with H. R. Baker & Co., is now with **Russell M. Anderson,** 559 So. Figueroa St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Robert H. Whitacre** has become affiliated with the **California Bank,** 650 South Spring St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**James W. Watkins** has become associated with **Fairman & Co.,** 650 South Spring St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Russell S. McClure** has become connected with **J. A. Hogle & Co.,** 507 West Sixth St. Mr. McClure was with Nelson Douglass & Co. for many years.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Chester M. Leflang** has been added to the staff of **Lester & Co.,** 621 So. Spring St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Carl E. Schnee** is now with **Searl-Merrick Company,** 634 So. Spring St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Ruth McKee** has joined the staff of **Weeden & Co.,** 650 So. Spring St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**William T. Dillehunt,** recently with H. R. Baker & Co., has rejoined the staff of **Quincy Cass Associates,** 523 West Sixth St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Ernest J. Stoll, Jr.,** has been added to the staff of **Bateman, Eichler & Co.,** 453 South Spring St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Ernest C. Schlutsmeyer** has become associated with **Wyeth & Co., 647** South Spring St. Mr. Schlutsmeyer was formerly with E. H. Rollins & Sons, Inc.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Augusta M. Turner** has become affiliated with **Edward D. Dail & Co.** Mrs. Turner was formerly with Reinholt & Gardner.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **Frederick W. Brigham** has joined the staff of **Waldron & Co.,** 405 Montgomery St.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Kenneth G. Inman** is now with **Merrill Lynch, Pierce, Fenner & Beane,** 221 Montgomery St.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Harry W. Shelly** has joined the staff of **Mitchum, Tully & Co.,** 405 Montgomery St. In the past Mr. Shelly was with Blyth & Co., Inc.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Russell M. Dickson** has become associated with **Walston, Hoffman & Goodwin,** 265 Montgomery St. Mr. Dickson was formerly with Wulff-Hansen & Co. In the past he was with Robert C. Bolton & Co., Donnellan & Co. and the Continental Illinois Co. of Chicago.

(Special to The Financial Chronicle)

PORTLAND, ORE.—**Albert L. Grutze** is with **Sloan & Wilcox,** Wilcox Building.

Do You Advertise In Your Local Papers?

If you do — or if you plan an advertising campaign — an expert in FINANCIAL DEALER ADVERTISING has prepared a series of ads along lines that have been tried and proven successful.

The cost is low — available to only one dealer in a state — designed to be fitted into your own particular requirements — write today for full information.

BOX S 17
THE COMMERCIAL AND FINANCIAL CHRONICLE
25 Spruce St., New York 7, N. Y.

The Securities Salesman's Corner

Some Pertinent Observations Regarding Newspaper Advertising

In every community today the opportunity exists for some retail dealer to step out and establish an exceptional public reception to his business. The field of newspaper publicity is wide open to the kind of advertising that the investment business has sorely needed for years, but not the kind that it unfortunately has been using. When one looks back upon the financial advertising that has been filling the pages of our daily papers, it is no wonder that the average man in the street, the smaller individual investors, the millions of every-day people, still look upon the business of investment in securities as something very far removed from their daily lives.

Statistics, statistics and more statistics. Cold, uninteresting technicalities, tombstone announcements, phrases and statements written in many cases from the standpoint of the professional investor—is it any wonder that the people who should become investment conscious still consider the investment and security section of their daily paper as something that just fills up space which only is of interest to bankers and brokers?

Occasionally some forward-looking dealer inserts an ad that talks to people—not down to them. He tells his story in language which they can understand. He approaches the intensely interesting story of investment from the "human angle." He tells them what investment of the right sort and under proper conditions CAN DO FOR THEM. He lifts his story out of the hackneyed and the commonplace and the result is that the cash register begins to ring.

Here is an example of what we mean. The following ad was one of a series which was run last year by Jackson & Smith of Gastonia, N. C. It deals with a specific offering of a hosiery stock. Preceding this ad were a number of human interest insertions dealing with the whole field of investment. Ads on portfolio building, increasing the earning power of savings, informative yet brief little stories of why common stocks fluctuate and why they are a good investment if purchased at the proper time, of the firm's willingness to help investors find the right securities for their needs without placing them under obligation and others along the same lines had already built up a prestige and standing for this firm that put WEIGHT BEHIND THIS SPECIAL OFFERING WHEN IT WAS ANNOUNCED. Here is an ad that SOLD AND PRODUCED RESULTS:

> TRAMP! TRAMP! TRAMP!
>
> One hundred and thirty million pairs of feet can wear out a lot of socks and stockings every year.
>
> That's one of the reasons why investors in well situated, aggressively managed hosiery companies have fared very well—both in good years or bad.
>
> At the present time we suggest that investors who are interested in looking into a very special situation in the hosiery field should write to us for information regarding the common stock of
>
> JACKSON & SMITH
> Investment Securities
> Commercial Bldg. Tel. 381 Gastonia, N. C.

Notice that this ad just presented an idea. The headline reaches right out and grabs your attention. Short, concise, and right to the point, it suggests ACTION. The main job of any investment ad is to produce inquiries from qualified investors, or from people who would like to become investors. From here on the sales force can build a clientele which is based upon a foundation that is soundly prepared and which is constantly reminded of the substantial character of the firm with which it is doing business.

Newspaper advertising not only sells new accounts but assists in keeping the old accounts on the books. People like to know that the firm with whom they are doing business is in the limelight—that it stands for something in the community that is worthwhile. The right kind of newspaper advertising today can build your business into something which you have always desired—a place where people come to secure helpful and intelligent counsel regarding the second most important thing in their lives—their financial welfare.

The day when the financial industry begins to properly use the tools of advertising and public relations in such a way as to inform the public of the great good that the industry is accomplishing for both individuals and our country at large will mark the time when the demagogue really begins to play second fiddle in our land. He's been singing the lead tune long enough—we've got a great story if we only tell it.

Surplus War Property Administration Established Under Executive Order—Clayton, Hines Named

The issuance of an Executive Order by President Roosevelt establishing the Surplus War Property Administration within the War Mobilization Office was announced on Feb. 21. This was in furtherance of a recommendation contained in the Baruch-Hancock report to Director James F. Byrnes, Director of the Office of War Mobilization on Feb. 18, embodying measures for "transition from a war economy to that of peace." Along with the announcement of the Surplus War Property Administration it was made known that Mr. Byrnes has designated Will L. Clayton and Brigadier General Frank T. Hines for two key posts in the demobilization task. Mr. Clayton, formerly an important factor in the cotton export business at Houston, Tex., resigned as Assistant Secretary of Commerce to take over the assignment of disposing of billions of dollars of surplus war property. Mr. Hines will continue to administer veterans affairs as he has for a number of years and, in addition, will direct "retraining and reemployment" of the men and women as they leave the armed services and war industries. Mrs. Anna Rosenberg, labor expert and Regional Director of the Manpower Commission for New York State, has been invited to become one of Hines' assistants. Associated Press advices Feb. 21 from Washington reporting this added that Mr. Hines' duties and powers still must be defined specifically by President Roosevelt in an Executive Order. From the Associated Press we also quote:

"Chairman George, Democrat of Georgia, of the Senate's Postwar Planning Committee, already was on record with a challenge to the Baruch plan, having said Saturday (Feb. 18) that it poses a basic issue whether Congress or the Executive should lay down the general policies of reconversion to peace.

"Senator George contended that Baruch's idea was 'to do the whole job by Executive Order under Justice Byrnes.' However, Mr. Byrnes said today that it is not intended to 'bypass Congress.'

"Mr. Clayton will be assisted by representatives of interested governmental agencies serving on a Surplus Policy Property Board. * * *

"Announcing the Clayton and Hines appointments at a news conference, Mr. Byrnes disclosed he had tried to enlist Baruch's services in an administrative capacity. But the veteran financier, 'elder statesman' and Chairman of the War Industries Board in the last war, declined, preferring to remain an unsalaried adviser. Mr. Hancock, Director Byrnes said, will continue to head a War Contract Termination Board."

Should Price Fixing And Rationing Be Extended Into Post-War Period?

(Continued from first page)

price fixing and rationing should continue after the war is over until such time as the two policies may be relinquished — beginning gradually, so that our people will all be protected. Of course, at all times the strong, rich and powerful would have the advantage, and the poor and the weak would suffer if the price fixing and rationing program were closed immediately after the war is over.

HON. WAT ARNOLD

Representative in Congress from Missouri

Hon. Wat Arnold

No, sir; indeed, I am not in favor of carrying price fixing and rationing over into the post-war period. Put me down as being "agin' it," and I am afraid our Commander-in-Chief will make the same blunder that Wilson did, going to the peace conference. He has not had enough practical experience in a business way to be able to "swap horses" with Joe Stalin and Winston Churchill, so let's hope and pray that he will stay home and let some good, hard-headed business man who knows the value of a dollar and has worked for a living as well as having conducted a business and made a success of his operations do this peace-making job; and I am in doubt about deans of colleges or universities having had enough practical experience to really advise and tell the business man how to negotiate a world peace that will be satisfactory.

You see, the radio and the airplane have made all the nations of the earth our next-door neighbors, so we will have to learn to get along with them just as you get along with the folks in your own bailiwick.

PHILIP A. BENSON

President, The Dime Savings Bank of Brooklyn, Brooklyn, N. Y.

Philip A. Benson

It would be a great misfortune if a government controlled economy continued after the war and led possibly to a breakdown of our American system of individual enterprise and freedom.

Price fixing and rationing should be discontinued as soon after the war as is possible. That means, I believe, there will be no necessity for them except, possibly, for a short period after the day of victory. The armed forces must be provided for as long long as they are in service and perhaps some relief may be necessary. As these demands decrease, the supply of all things used by the civilian population will increase, thereby obviating the necessity for control.

JOHN B. CORWIN

President, Newburgh Savings Bank, Newburgh, N. Y.

I am definitely opposed to the extension of either price fixing or rationing into the post-war period.

ELISHA M. FRIEDMAN

Consulting Economist, New York, N. Y.

E. M. Friedman

With respect to price fixing and rationing in the post-war period, I believe that these policies should be gradually relaxed as soon as conditions permit. In fact, in some items already there is a huge oversupply and the question may become thoroughly academic.

C. M. MALONE

President, Guardian Trust Co., Houston, Texas

C. M. Malone

It is my opinion that restrictions of all kinds should be released as soon after the close of the war as possible. We realize certain restrictions are necessary during the war, and it may be necessary to extend some in post-war time. I feel that some of the rationing was perhaps unnecessary and has been of little value in conserving and that better results might have resulted if people had been asked to conserve. The American people, as a rule, do much better under a system that leaves discretion to individuals than they do under rules and regulations which they feel are not sound, and some of our restrictions appear to many of us to be unnecessary. Perhaps if we knew the reason our views would change, but Americans have been a free people since the beginning of the United States, and a person was allowed to decide how many hours he wanted to work, and if was not satisfied with the work he had the right to change. Business paid such wages as it felt was just and proper and in accordance with the earning capacity of the employee. Today a board, which knows nothing about the conditions or the value of the job, fixes the compensation and little authority rests with the employer to decide what is fair.

I am a great believer in our system of free enterprise which has made us the greatest nation on earth. Our people have responded to the call in most every line and production has gone far beyond expectation.

People, as a whole, have done their part and perhaps would have done more if they had been free to work as they had in War I. Only executives can work as they elect to work in War II, and I believe they have worked longer hours than ever before in the history of this nation. They have not drawn overtime and their salaries have not been increased in proportion to other labor, but they have put in long hours working, in many cases, for less money.

I hope to see government by the people and for the people in the post-war days and government by direction of agencies, often referred to as Bureaucrats, entirely eliminated.

R. E. GARDNER, JR.

Partner, Reinholdt & Gardner, St. Louis, Mo.

R. E. Gardner, Jr.

I have given a good deal of thought to the advisability of continuing some sort of price fixing and rationing program into the post-war period. Naturally, I am most anxious to see all types of government control eliminated just as soon as possible and allow business and the public to get back managing their own affairs; however, I seriously doubt if all the controls we now have can be stopped immediately that the war is over. They may have to be tapered off.

Unless some temporary controls are continued until a better balance is developed between the law of supply and demand, the results could be unfortunate. I am inclined to believe at the moment from information available to me that we should continue price controls and possibly rationing for a limited time until we can have an opportunity to establish a proper balance between goods available and purchasing power.

W. N. DERAMUS

President, The Kansas City Southern Railway Co., Kansas City, Mo.

Wm. N. Deramus

I believe the cessation of hostilities will bring about conditions that may warrant continuation of price fixing and rationing for some time thereafter, but the sooner we can safely dispense with governmental regulations the better it will be for everyone. May I call attention to the fact that, as a practical matter, price fixing, so far as railroad rates are concerned, has been in effect for many years and no doubt will continue indefinitely.

THOMAS J. MOWBRAY

President, Security Trust Co., Wilmington, Del.

Thomas J. Mowbray

As war measures, I am of the opinion that price fixing and rationing, when properly conceived and administered, are necessary as a curb to inflation during the period of hostilities. It may be that they cannot be relaxed immediately at the end of the war. I, however, am opposed to governmental regulation as such, and feel that they should be terminated as quickly as practicable when the emergency ceases to exist.

There is great possibility that excuses may be found to continue them indefinitely as part of the evident intention to regiment the American people as far as possible.

DR. JAMES C. DOLLEY

The University of Texas, Austin, Texas

James C. Dolley

As to the wisdom of continuing price controls into the post-war period, I will say that I believe some price control program then to be extremely desirous if not essential. The accumulated demand for goods will be tremendous and it will be backed up by a record volume of liquid saving. Facing this demand will be a continuing short supply of goods for many months, even after the job of reconverting war plants has been completed. Also coloring the picture will be a huge post-war foreign demand for American goods resulting from the use of presently-blocked dollar balances, the probable extension of "lend-lease" aid, and the possible adoption of some foreign exchange stabilization plan such as that of Lord Keynes. Unless some sort of price control is continued, a very sharp price rise would appear to be inevitable.

DR. CLYDE W. PHELPS

University of Chattanooga, Chattanooga, Tenn.

Dr. C. Wm. Phelps

While I hope that, as soon as possible after the war, we may be able to withdraw from the present setup, which is a system of evolving Fascism, it appears that a fairly good case may be made out for continuing temporarily price fixing and rationing in selected fields for a short period after the war.

GRAHAM G. LACY

Vice-President, The Tootle-Lacy National Bank, St. Joseph, Mo.

Graham G. Lacy

I do not think it wise or expedient to continue either or both price fixing and rationing into the post-war period. If we are to retain our form of government it is essential that individual enterprise be free and unhampered by any system of governmental controlled economy.

FRED W. ELLSWORTH

Vice-President, The Hibernia National Bank, New Orleans, La.

Regarding price fixing and rationing after the war, it occurs to me that that is a question which will have to be considered with great care when we come to the actual end of the war. My guess is that these two features, as well as many other evidences of regimentation which no doubt are necessary during wartime, but which are condemned by our people during peacetime, may have to continue on for six months or a year after the return of peace.

CRAWFORD H. ELLIS

President, Pan-American Life Insurance Co., New Orleans, La.

Crawford H. Ellis

With respect to price fixing and rationing, I think the sooner the Government eliminates itself from any business whatsoever which the business men of this country can handle, the better it will be for all concerned.

J. S. OGSBURY

President, Fairchild Camera & Instrument Corp., Jamaica, N. Y.

James S. Ogsbury

My own opinion is that it would be wise to carry price fixing and rationing on for possibly one year, maybe for two years, after the war. There is apparently going to be such a scramble for materials and things that some central control should be exercised to prevent peaks which are bound to arise if such restrictions were immediately removed. However, a definite time limit should be established by Congress so that reversion to individual enterprise would not be affected. This is my honest opinion.

W. C. MULLENDORE

Executive Vice-President, Southern California Edison Co., Ltd., Los Angeles, Calif.

W. C. Mullendore

I think that the extension of price fixing and rationing into the post-war period is dangerous. Some time we are going to have to take the plunge into the period when these controls are released and I think it should be taken as soon as possible after the war's end. The usual argument for continuing them is that they should be continued until post-war production is under way, so that there will be more goods in the market to absorb the buying power piled up during the war. This argument, I believe, makes an erroneous assumption, namely, that the increased production after the war can be offset against the accumulated war purchasing power. As a matter of fact, the post-war production will create its own purchasing power. As we produce goods, we will also produce an equivalent purchasing power, so that trying to outrun the inflation by increased production is like trying to outrun our shadow.

I therefore see no reason to continue price fixing on the ground that it should be continued until production in the post-war period gets under full swing. If we do not very rapidly release these controls in the psychology which will exist at the end of the war, we may not get rid of them for years, and any long continuation certainly means death to the free enterprise system.

W. T. PIPER

President, Piper Aircraft Corp., Lock Haven, Pa.

W. T. Piper

I have been engaged in the aviation industry more or less for the past 15 years. It is undoubtedly the most regulated business in America, and I am so fed up with it that they cannot discontinue all price fixing and rationing after the war is over too soon to suit me.

The present Administration went into office after severely criticizing the former one for its oversupply of committees, waste of public funds, etc. The party which elected this Administration was labeled the Democratic Party, which has always been an advocate of State Rights and limited Federal control. I am sorry to say they have sold us down the river 100% and have done many things which they do not favor merely to continue in the office to which they have been elected. The damage which has been done will take years to repair, and I am in hopes we will eventually return to government by and for the people instead of using these half-baked European ideas which are now so prevalent in Washington.

THOMAS GRAHAM

Manager, Investment Department, The Bankers Bond Co., Louisville, Ky.

Thomas Graham

I have been studying for years small business financing and have always felt that this is the most important problem we have to face after the war. Control should only be kept while it is in the public interest, and I think that alone will be the determining factor after the war. If people are reasonable, I think all control should be taken off immediately, but, of course, if this leads to an inflationary situation, then some of the controls would have to be kept.

There is no question about it that if a private enterprise doesn't function we will have bureaucratic control end up with a system which is un-American. My frank opinion is that a great deal that is going to happen after the war depends on the courage and foresight of bankers, investment dealers, lawyers and business generally. If these elements just roll over and play dead as they have for the past 12 years, I am very apprehensive for the future of the Individual Enterprise System.

T. R. PRESTON

President, Hamilton National Bank, Chattanooga, Tenn.

It may be necessary to temporarily extend price fixing and rationing into the post-war period but I do not believe either should be continued indefinitely. I am an ardent advocate of the free enterprise system, and think the Government should get out of business just as soon as possible.

HON. RAYMOND E. WILLIS

United States Senator from Indiana

Sen. R. E. Willis

It is my belief that both price fixing and rationing should be tapered off as quickly as possible after the war. Certainly not continued for more than six months. I realize a sudden termination of our present economic system would no doubt not be advisable, but we must not carry it on after it is no longer needed.

HON. A. C. SCHIFFLER

Representative in Congress from West Virginia

Rep. A. C. Schiffler

I am opposed to extended Government control in the field of business or civil life and, except where absolutely essential, believe such dangerous to the continuation of our Republic and the use of our democratic processes of government.

The post-war period may present unusual and pressing problems of supply and of distribution, especially for the first year following the closing of the war. This will likely be emphasized by the necessity for a widespread distribution of food, clothing, fuel and medical supply and attention in various parts of the world in order to avoid chaos and to stabilize government.

In view of the uncertainties of the post-war period, it is almost impossible to visualize the necessities in other parts of the world which may require an extension of price ceilings and rationing in this country. However, in no instance would I favor such unless absolutely necessary in order to provide for a temporary disposition of a part of our production of farm, factory and mine, to prevent widespread suffering, chaos and possibly revolution.

D. C. COLEMAN

Chairman and President, Canadian Pacific Railway Co., Montreal, Que., Canada

D. C. Coleman

I hesitate to comment on the extent of price fixing and rationing in the post-war period, as that question affects the United States. We have followed quite different economic policies in Canada during the war from those adopted in your country, although in both countries price fixing and rationing have come to be used on a large scale.

As far as Canada is concerned, I hope we shall proceed, as rapidly as possible, to remove all wartime controls as soon as this is possible. The prospect that the war may not continue in its present intensity until a final decision is reached, but rather that we may have an increase in intensity followed by a comparatively long period of diminishing intensity, leads me to believe that it will be possible to remove wartime controls progressively. I do not anticipate the sudden termination of the military need for wartime controls which we experienced in 1918 and 1919.

The extent to which any nation can discontinue its system of wartime controls will depend on the extent to which its post-war policies contemplate active participation in international commerce. Canada is so deeply interested in this particular question that I should not expect our Government to be able to make firm commitments concerning the removal of wartime controls—either as to method, or as to date. I should rather expect that we shall have to proceed along an empirical course—eliminating details of control as fast as the international situation makes this possible.

Without forecasting what policy will be adopted by this country, I consider the sooner these controls can be removed, without creating chaotic disturbances in the economic system, the better.

My own philosophy is that the functions of a government should be to direct, to advise and to regulate, but only in so far as these activities may be absolutely necessary. The greater the economic freedom which is restored to the people of a democratic country, the more certain is it that their economic progress will be rapid and sustained.

HON. ANGIER L. GOODWIN

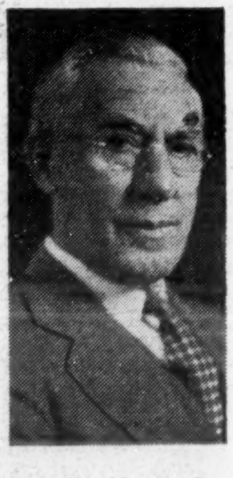
Representative in Congress from Massachusetts

Angier L. Goodwin

In my opinion, price fixing should be terminated immediately upon the conclusion of the war, and rationing should be concluded as soon thereafter as may be possible, although I can readily visualize that so far as rationing is concerned, it will depend much on how far the United States agrees to go with respect to the foreign rehabilitation program. In any event, I believe the present plan of rationing should be terminated at the earliest possible date following the close of the war.

DAN W. HOGAN

President, City National Bank & Trust Co., Oklahoma City, Okla.



Dan W. Hogan, Sr.

Price fixing and rationing have formed an economic dam both on the sale and supply of certain commodities, and I think it would be disastrous to have the dam blown up on a moment's notice. I am inclined to think that it should be a gradual process running for the shortest possible time necessary to make an orderly adjustment on prices and the supply of such commodities.

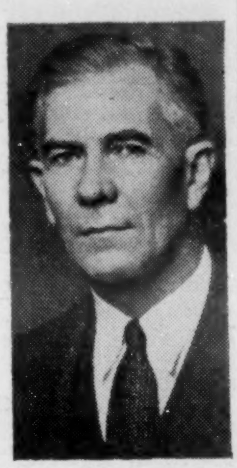
FRANCIS P. McGINTY

President, First Bank & Trust Co., Utica, N. Y.

I believe that it will be necessary for some time after the war to use both of these controls, if possible adjusted to function fairly under the economic conditions which may be prevailing at the end of the war.

HON. A. WILLIS ROBERTSON

Representative in Congress from Virginia



A. W. Robertson

From the standpoint of what the post-war policies for World War No. 2 should be nothing is more pertinent than the statement in "The First Year After the First World War" in the "Chronicle" of Jan. 20, 1944. "As already indicated, the year was one of currency and credit inflation, and of price inflation, and it was also a year of growing tension in the money market." You, of course, know that the most disastrous inflation of World War No. 1 occurred between the end of the war and the fall of 1920. This war will probably be a $300,000,000,000 war as against a $25,000,000,000 World War No. 1. Inflation potentialities will be approximately in the same proportion. Inflation following World War No. 1, followed by the stock market inflation that collapsed in Octber, 1929, precipitated us into the worst depression of our history. The kind of inflation we could have following World War No. 2 would do worse than that. Therefore it is absolutely essential for us to have some type of inflation control until we are past the threat of uncontrolled inflation in the post-war era.

FRED W. CATTERALL

President, The First National Bank of Galveston, Galveston, Texas

My personal opinion is that regulation and Government control in private enterprise should not be carried any further than necessary to "bridge the gap" to prevent a breaking down and unnecessary suffering and confusion.

JOHN D. HOLLYDAY

President The Nicodemus National Bank, Hagerstown, Md.

I definitely feel that price fixing and rationing ought to be dispensed with at the earliest possible moment. I have understood that there is a possibility that it may be necessary to extend it for a short while after the conclusion of the war, but I am definitely opposed to extending these regulations for a period longer than absolutely necessary

I feel that we should return to our system of individual enterprise at the earliest possible moment after the close of the war.

WMC Selective Service System Maps Plans For Returning Veterans

An agreement between the War Manpower Commission and the Selective Service System, announced jointly on Feb. 14 by Paul V. McNutt, WMC Chairman, and Maj. Gen. Lewis B. Hershey, Selective Service Director, specifically designates the part the two agencies will play in returning the veteran to civilian employment. The announcement went on to say:

Under the terms of the agreement the Selective Service System is to have the specific responsibility of returning the veteran, if he so desires, to his old job. Responsibility for finding him a new job will rest with the Veterans' Division of the United States Employment Service, War Manpower Commission.

The Federal Civil Service Commission will continue to exercise jurisdiction over the placement of veterans in the Federal Executive Civil Service.

The text of the agreement, as announced by the WMC, follows:

Joint Statement By The War Manpower Commission And The Selective Service System

The Director of Selective Service has a two-fold responsibility under Section 8 (g) of the Selective Service and Training Act of 1940. These are:

1. To establish a Personnel Division for the purpose of rendering aid to veterans seeking reinstatement in their OLD positions.
2. To establish a Personnel Division to render aid to veterans in seeking NEW positions.

The Director of Selective Service in carrying out his first duty, to establish a Personnel Division to render aid to veterans seeking reinstatement in former positions, has established a Veterans Personnel Division (heretofore known as the Reemployment Division).

Under the reemployment policy of the Selective Service System, the responsibility for securing to veterans their right of reemployment has been delegated to the State Directors with authority to set up within the respective States, the machinery which is most conducive to securing such reemployment rights for the veterans.

The local boards, together with their Reemployment Committeemen, will be charged at their level with the responsibility of rendering such aid as is necessary in order to enforce this right.

The Director of Selective Service, in carrying out the second mandate of Congress to render aid to veterans in securing new positions, is requesting the War Manpower Commission to assume the responsibility of placing returned veterans in new positions through the facilities of that organization.

The War Manpower Commission has a Veterans Employment Service in its national headquarters, a State Veterans Employment Representative in each State administrative office, and a local Veterans Employment Representative in each of the 1,500 local offices of the United States Employment Service of the War Manpower Commission. It will be the responsibility of that organization to conduct an effective program designed to place the returned veterans in new positions.

The reintegration of the returning veteran to the civilian economy of this country is one of the most important duties of the nation, both from an economic and patriotic point of view. It is particularly important that the agencies of the Selective Service System and the War Manpower Commission cooperate with a complete unity of purpose.

While the reinstatement of veterans to their former positions is a primary objective of the Veterans Personnel Division of the Selective Service System and the placement of veterans into new jobs is a primary objective of the USES of the WMC, ours is a joint effort, whose objectives must be accomplished in unity and cooperation between the two services.

The employment responsibility for veterans of all previous wars continues to be that of the United States Employment Service of the War Manpower Commission.

Laurence Frazier Co. Is Formed In New York City

The investment firm of Laurence Frazier & Co., with offices at 19 Rector Street, New York City, has been formed to act as brokers specializing in foreign and unlisted securities. Partners are Laurence S. Frazier and Anna Frazier. Mr. Fraizer was formerly a partner in Frazier, Free & Co.

Investing Trust Funds Under The Prudent-Man Rule

(Continued from page 787)

satisfaction of knowing that however difficult the times may be, and however dark and uncertain the future, he can bring to his role of trustee all of the ability he possesses, with a minimum of artificial restraints. His position is not devoid of risk or the weight of responsibility, but no Massachusetts trustee has been heard to advocate, at least publicly, a different and narrower investment standard; to the contrary, operating under the restrictions of a legal list after breathing free air, he would probably soon be stricken with a malady akin to claustrophobia.

The purpose of this discussion, however, is not to expound or advocate the prudent-man rule, but rather to consider what our immediate investment problems are under such a standard. This rule was first enunciated by Justice Putnam in the celebrated case of Harvard College vs. Amory, 9 Pickering 446, decided in 1830, in these words:

> All that can be required of a trustee to invest, is, that he shall conduct himself faithfully and exercise a sound discretion. He is to observe how men of prudence, discretion and intelligence manage their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income, as well as the probable safety of the capital to be invested.

What are the present guiding policies and practices of that genus homo, the prudent man, whom the Massachusetts court commends to our scrutiny? Fundamentally, he is endeavoring his utmost to apply foresight to his affairs, to plan ahead. Underscore the word "endeavoring," for he is too shrewd and experience to suppose that he can read the future, but he can observe what is going on about him and apply the lessons of human experience to arrive at reasonable business judgments. In making purchases, you may be certain that he is doing his utmost to obtain honest, long term value received for every investment dollar spent. In the pursuance of that homely practice probably lies the best present hope for all of us as trustees.

Let us imagine ourselves as a prudent man supported by an adequate research staff, and possessing, for good measure, a little of that quality of imagination tempered by patience and native shrewdness which is the mark of a successful investor. So armed, let us examine the conduct of prudent-men trustees and the choices of investment open to us as closely as time permits.

Our discussion of specific investment avenues must be confined to bonds, preferred stocks, and common stocks, since an adequate supply of satisfactory real estate notes is now available in only a few areas.

The prudent trustee has a hearty normal appetite for good bonds. Can we satisfy this while doing justice to the income beneficiaries and meeting our test of getting our money's worth? Some suggest, as a way out, the purchase of bonds of carefully staggered maturities, so that over a period the funds will flow back for reinvestment under successive prevailing conditions, and thus, in the end, produce a reasonable result. Such a program does not really satisfy the requirements of the trustee for, admitting that it does well by security of principal, it is too unmindful of the immediate needs of the life tenant, more often than not the primary object in the creation of the trust. While some trusts have maturity requirements, in most funds we would do better to place the emphasis upon finding a reasonable combination of adequate security and a subsistence level of current income, and upon principles of diversification.

Any program of current bond purchases must of necessity be makeshift, but it appears possible to maintain acceptable standards and build up a reasonably productive bond section for a trust by a judicious combination chiefly of government and railroad issues, plus a scattering of utility, industrial, and other bonds, and some municipal bonds where the tax status of the beneficiary supports such a luxury.

This contemplates placing from 10% to 15% of a trust in railroad bonds of good quality, with perhaps 20% as a top limit, another 10% to 30% in United States Government issues, with more in unusual cases, and allowing 10%, more or less, for such other bond items as can be found which pay their way. In this manner, a bond list totalling from 35% to 60% of a given fund can be constructed, yielding probably not far from 3½%, depending upon how the ingredients are mixed, and containing no single security which is not currently being purchased for investment by men of prudence and wide experience. If any given trust requires a higher proportion of bonds, then the chances are that it also requires emphasis on principal safety, so that the list can readily be pieced out by paying the current price for prime quality.

The reasoning behind this concentration in government and railroad bonds is simply that there we can find the best value for our current investment dollar. By placing virtually all of our money allocated to stocks in utility, industrial, and other non-railroad fields, we restore the balance and satisfy our desire for diversification, which is not to say that railroad stocks which meet reasonable standards are wholly unavailable.

A swift excursion through our fields of choice supports this program. It is doubtful if the prudent man is buying many municipal bonds at current historic high levels, except where the tax bracket of the recipient of income is such that the return is clearly above that available elsewhere after allowance for income taxes, and even then he is heedful that time changes many things. For various and well understood reasons, there has been quite general improvement in municipal credit standings, but tax-conscious buyers have converged on the diminishing supply, and only liquidation by insurance companies and others for the purpose of purchasing new government issues has placed the municipal market under any price restraint.

Refundings in the industrial and utility fields have resulted in yield schedules comparing unfavorably with the return from current government offerings, and utility mortgage issues have the added disadvantage of distant maturities with little or no provision for sinking funds, so that once purchased for a trust, a present life tenant can scarcely hope for relief during his lifetime. A reduction of quality standards supplies no remedy, for second rank issues offer a wholly inadequate reward for the added risk factor.

For illustration, a typical long term utility mortgage issue of secondary caliber has been available on about a 3.20% basis. The common stock of a quite similar company, with a special structure comprised of 10% senior securities and 90% common equity, can be purchased to yield roundly 6.50%. Its earnings have covered the current dividend rate in each year for many years back after apparently adequate provision for maintenance and depreciation. Market value closely approximates book value after adjusting the property account to original cost to the taste of the Federal authorities. While subject to the risks inherent in stock ownership, it is worth noting that the present price is only 150% of the depression low, while the bond in question is selling at nearly 250% of the low of its predecessor issue of nearly the same caliber. If a given sum were divided equally between such a stock and Series G United States Savings bonds, it would provide an average return of 4½%, and many prudent investors would regard the principal as more safely invested than in any available low coupon long term utility issue at present prices. The above example can be multiplied, although in less startling degree, including a number of utility preferred stock illustrations.

Exceptions exist, of course, but the prudent man is quite generally more interested in utility and industrial stocks than in obligations in the same fields yielding typically 2½% to 3%, and for his high grade bond requirements turns to government issues. Probably the best bond value anywhere available to the average individual is in the long term Treasury issues exempt from all income taxes to an aggregate holding of $5,000 principal amount. Following this, the trustee, denied the use of Series E bonds, ranks Series G Savings bonds next in attraction, for they possess the advantages of a fixed schedule of redemption prices, a valuable privilege of redemption at par in the event of death terminating the trust, and a reasonable final maturity date. These usually take care of the bulk of his prime quality needs, although where some liquidity is desired, Treasury Certificates of Indebtedness are a good substitute for excess cash.

The material price advance enjoyed by the railroad bond market during the war is reason enough for caution, but good issues are still available at yields of from 3.75% to 4.75%, and in some instances even higher, which stand careful inspection as to security and protection by normal earning power. While wartime traffic is transitory, it has reaffirmed the basic and essential nature of the industry to our economy. The earning power of many of our railroads is subject to no wider fluctuation than that of other basic industries in better investment repute, but on it was imposed the weight of a heavy debt structure. We have learned this latter lesson to our cost, and also the wisdom of diversification. It was not uncommon for trustees to have as much as 35% or 40% of a fund in railroad securities, so that it is small wonder that losses ensued of a nature to justify the persistence of prejudice. In addition to choosing individual issues with care, it seems wise to involve three general working rules: 1. Restrain aggregate purchases of railroad securities to a reasonable percentage of a fund. 2. Select systems with a satisfactory present or immediately prospective capital structure and financial position. 3. Quite apart from financial structure, choose systems with good traffic prospects and favorable operating ratio, free of such drawbacks as heavy terminal costs, or short average hauls.

Time permits no consideration of a most interesting side question, as to whether a prudent trustee is ever justified in purchasing a bond at 50% or 60% of its face value.

Before leaving bonds to discuss stocks, it would be well for the sake of emphasis to summarize so far as is possible the guiding principle of the above policy. The prudent trustee is not obliged to purchase the very highest grade of bond issues only and at all times, so long as what he does buy meets sound standards, but he is never justified in paying top-drawer prices for second drawer quality. The latter almost surely leads to future problems, and yet it seems an almost inevitable result of indiscriminate purchases in the open market today. As in the past periods of high bond prices, there can be noted a tendency to relax standards, to accept the next best, with the result that the yield differential between the best and secondary issues has narrowed appreciably. At such a point prime bonds invariably offer better investment value, and government issues in turn now appear cheaper than others of first quality. Thus the prudent trustee anchors his fund on government issues, to which he adds all those sound bonds he can find which could be worth what they now sell for under materially different money and business conditions. For the remainder of his funds he has little recourse in the majority of his trusts but to seek reasonable investment value among stocks.

Preferred stocks at present serve a distinctly useful although necessarily minor role in building up the average income return of a trust fund. It has been frequently said that preferred stocks are an undesirable type of investment, possessing most of the disadvantages of both bonds and common stocks and few of the merits of either. Like most generalities, this one does not stand close inspection. Numerouss recent examples could be cited where bondholders have found it impossible to exercise effectively those legal rights and remedies which they had supposed were theirs. It is also hardly open to debate that preferred stocks of good grade have exhibited substantially greater regularity of income payments than the bulk of even the best grade common stocks.

The same factors of easy money which have made good value so scarce among bonds have operated in almost equal degree on preferred stock prices, and the trustee is making a permanent contract at a fixed rate, and cannot ordinarily get his principal back through maturity or sinking fund operation, as in the case of a bond, but must depend on the open market, notoriously erratic among preferred issues under conditions of adversity. The prudent man, therefore, will currently limit his total purchases of this type of security to a modest amount, probably no more than 15% to 20% of a fund except in unusual cases. He finds only those issues worth purchasing which better the income from comparable bonds by a good margin, usually not less than 1% to 1½%. The penalty for poor selection will prove fully as serious as in bonds at prevailing prices, but it still appears that research can turn up a limited number of issues with intrinsic attraction.

The suitability of common stocks for trust investment is the subject of more widespread debate than ever before, which is a wholesome condition for it will be an ill omen if unanimous approval and acceptance is ever achieved. The risks inherent in ownership of common stocks are well known to all of us. There seems no great weight of evidence to indicate that these risks are perceptibly diminishing and that common stocks are becoming a more conservative class of investment, for while corporations are larger and stronger, with greater financial and technical resources and broader bases of earning power, anly lessened business risks are offset at least in degree by greater political and social risks.

This subject is so vast that we had best rest on some observations from experience in Massachusetts, where stocks have been recognized as within the scope of the prudent-man rule for fully a century.

The three important questions, of course, are how much of a fund to place in common stocks, what to purchase, and when to purchase.

In Massachusetts, investors have long been partial to common stocks and thus the typical estate is quite likely to run well over half in securities involving equity risk. The Massachusetts trustee, therefore, almost invariably has the problem of reducing common stocks to a reasonable percentage of a fund rather than the reverse.

Further, the principle of carefully selecting a trustee and then clothing him with ample powers of management is so widely accepted that most of our instruments contain language tending to enlarge the scope of the rule. A quick survey in our own trust department reveals very few, well under 5%, containing any limitations narrowing the rule, while a substantial majority enlarge our ordinary investment powers in greater or lesser degree.

In the usual trust, the consensus in Boston appears to favor currently a common stock ratio running under 50%, and probably above 25%, with 35% as a fair median figure. Selecting a group of specific trusts where a Boston trust department has had reasonable freedom of action from the start so that the present position can be said to reflect fairly its views, it is interesting to note that the proportion of common stocks ranges from a high of 62% to a low of 14%. While representing extremes, this wide variance deserves comment. The prudent trustee is bound to study the special features of a given trust, the wishes of the trustor so far as known, and all of the available factors bearing on the specific fund, especially the circumstances of the beneficiaries, before laying down an investment pattern. Moreover, he is governed by what appears to be attractive investment value when he has funds to invest. If stocks appear to offer better relative value than bonds at present, his tendency will be to buy them somewhat more freely. The trustee has a duty to keep his funds invested and the purely fortuitous factor of when cash is available causes considerable variation between otherwise similar trusts. Off to a favorable start, a fund has an advantage likely to persist for many years. Not only can no blanket standard be laid down in advance as acceptable in trusts appearing quite similar on the surface, but it is worth noting that any set of ratios, however based on experience, is essentially arbitrary and something less than holy writ. None has judicial approval.

In the minds of many, the caliber of common stocks is fully as important as the proportion held, which raises our second question of what to purchase. This in turn is almost inseparable from that of timing, or when to buy.

The objective of the trustee can be stated simply enough. There are a substantial number of common stocks available which meet the standards of intrinsic worth of the prudent man. We cannot here consider techniques of analyzing common stocks, but let us take for granted a well established business, financial strength, demonstrated earning capacity, a good record of dividend payments, capable management, and some prospects for growth and improvement in position, which are almost prerequisites for a healthy equity investment. If market price were not a factor, the trustee could acquire on any given day when he had funds available a list of stocks which would make excellent reading. But the very essence of stock investment is that price is always and forever a major consideration. The goal of the prudent trustee is to build up a well balanced list of stocks at reasonable cost prices, for only thus does he serve equally well the interests of life tenant and remainderman.

We can readily recognize that certain chemical equities possess almost ideal investment characteristics but the trustee will ponder long before buying them at the present high multiple of earnings and dividends, with a limited apparent opportunity to increase earning power until tax rates are moderated. A stock less widely recognized and more modestly appraising average earnings and dividends very often proves to be a better trust asset in terms of both income and principal results than one enjoying broader acceptance by investors.

A sound first approach to common stocks is through study of specific industries. Not only does this insure attention to diversificaton of risk, but it places each stock in the perspective of the broader business aspects of its field. Trends of growth and decay, and of technological change, can best be so studied. Moreover, value is always relative, and any common stock can best be measured not solely on its own record but by comparisons with other common stocks of quite similar enterprises.

At present, seven major chemical stocks are selling a composite of 21 times present earnings and give an average yield of 3.2%, while eight leading aircraft manufacturing stocks, to cite an extreme example, sell at 3.1 times current earnings, and afford a cash return of 12.4%. The market, of course, is apt to give undue weight to what is now happening or anticipated, and less emphasis to out-of-sight fundamentals. Hence, current price ratios are not a safe guide to long term value. Witness the low investment esteem of automotive stocks after the last war in contrast with railroad common stocks, a condition now reversed. Nevertheless, a persistent tendency of a stock or of the stocks in any industry to capitalize earning power at a higher or lower ratio than common stocks generally is significant. Any market departure from such established price relationships requires scrutiny. Often the reasons are transient, and if the relationship is below normal, an opportunity for purchases may be in the making. The prudent trustee, it may be stated parenthetically, does not hesitate in selling stocks, even at a loss, when in his judgment it seems wise to do so.

At present the prudent investor is seeking those industries and those stocks which under prevailing wartime conditions are able to earn and pay reasonable dividends and yet should definitely benefit by an eventual return to a peacetime economy. In some cases, post-war demands for goods and services of substantial dimensions are clearly being accumulated. While for some the post-war fate of the excess profits tax is of overshadowing importance, such industries as electrical appliances, automotive, farm implements, containers, chemicals, petroleum, many types of consumers goods and merchandising, and certain producers of industrial equipment such as textile and food machinery, to mention a few, are among those worth study. Tobacco and utility stocks may have a post-war opportunity to regain ground, and deserve present consideration. No list can be all inclusive and any industry may fail to meet trust standards on closer examination.

As an example of what a prudent man might buy now, the following is cited. The stock of a well established but not large fabricator of small metal products is seling at about 11 to 12 times current earnings, and yields 6% on the present dividend rate, which is about the average of recent years. Only common shares are outstanding, and net working capital is the equivalent of 40% of the market value of the stock. The record is one of steady financial progress. The company is now fully devoted to the war effort, but potential demand from its peace time markets is accumulating, and reconversion problems appear surmountable. Such a stock deserves careful study.

Where the industry is larger and has a broader base, and particularly marked prospects for growth, the prudent investor would both expect and be obliged to pay a higher ratio to earnings and dividends.

As a final word on timing purchases, and also sales, of common stocks, much has been said and written of late about mechanical formulas for reducing or increasing the proportion of common stocks at certain predetermined levels of stock market averages. Unfortunately none of these plans has been in practical operation for any length of time, but we should watch their operation carefully, for judgment, even of prudent men, is notoriously faulty at critical points in the economic cycle. In the case of trust departments practical difficulties arise in the application of such plans for we are managing many funds with widely differing needs, so that no one formula would have universal application. Moreover, the trustee is under a duty to keep his funds invested, which is a handicap in achieving any kind of satisfactory result, under any method, unless a trust starts at a time of low prices.

For the present, the trustee depends on native caution and the hard lessons of experience. He sees 1944 as a sobering year of fateful decisions, both military and political, certain to affect the lives and fortunes of all of us. He recognizes that somewhere in the obscure future lies a period, perhaps brief, of painful and complex readjustment. His purchases of equities will therefore be carefully weighed and sparingly executed, but diligent search should produce some rewarding common stock investments of prudent-man caliber. This does not discourage him, for good results seldom come from any endeavor without the application of initiative, energy, and thorough attention to detail.

Thus concludes our all too summary discussion of the present-day investment pattern of the Massachusetts prudent-man trustee, a pattern which can be made to produce an average current income return of 4% to 4½% for trust funds.

The brevity of treatment of the common stock question is particularly to be regretted, for it has obliged us to deal in unsatisfying generalities where illumination can only come through a wealth of practical illustrations.

The prudent man theory holds no false notion that investment without risk is possible. "Out of this nettle, danger, we pluck this flower, safety." As Justice Putnam said, "Do what you will the capital is at hazard." The trustee endeavors to discover and measure the risk element in investments, assuming those which appear to him proper for his funds and which hold the best promise of commensurate reward. The prudent man, be it observed, is not a timid man; he is no Caspar Milquetoast. The trustee is not and cannot be an insurer of his trust funds. He can only be held to accountability for the faithful performance of his duties. In this he sets his standard at no less than the best of which he is capable.

Market Value Of Stocks And Bonds On New York Curb Exchange Advanced In 1943

Total market value of all stocks traded on the New York Curb Exchange at the close of 1943 advanced more than $2,000,000,000 to $9,892,394,376. Average price per share for each of the 935 issues was $15.41, as against $12.50 in 1941 when 975 stocks were traded. Shares outstanding increased 14,456,507, to 641,848,895. The Exchange also stated:

"Average price per $100 par value of bonds was up $5.43 to $95.75, while the outstanding amount dropped $267,663,728 to $2,735,499,201, and total market value of the 201 issues showed a decline of $92,112,197 to $2,619,448,442. At Dec. 31, 1942 there were 214 bond issues, listed and unlisted, traded.

"Market value of listed common stock issues was up $353,188,430 to $1,150,403,068, and the average price rose $1.92 to $5.91, despite a drop of ten in number of such issues to 339, and a decrease of 5,060,353 to 194,398,204 in the outstanding amount. Listed preferred issues had a similar trend, with market value up $67,962,797 to $418,147,948, and average price improved by $13.90 to $42.42, while their number was ten less at 100 and the outstanding amount was off 2,421,291 to 9,856,483.

"In the unlisted common stock section, market value advanced $1,323,830,212 to $6,379,641,917 and average price rose $2.53 to $15.94. Number of issues here dipped 11 to 337 but the outstanding amount was 23,179,750 shares greater at 400,155,680. Unlisted preferred had a market value of $1,944,201,443, up $301,460,767 over the total on Dec. 31, 1942, and an average price of $51.93, which was $9.47 ahead of that in 1942. Number of issues declined 9 to 159 and the outstanding amount was off 1,241,599 to 37,438,528.

"Listed bonds showed a $7,517,977 increase in market value to $379,006,690 and an average price that was $6.31 better at $101.91. The outstanding amount of the 28 issues (29 at the close of 1942) was $371,869,831 or $16,379,579 below that in 1942.

"Unlisted bonds had a market value of $2,240,441,752, which was a gain of $99,630,174 over the 1942-end total, and an average price of $94.78, reflecting a rise of $5.29. The 173 issues in this group showed an outstanding amount of $2,363,629,370, a drop of $250,984,149 over 1942 when 185 unlisted bonds were traded."

Rogers Named Assistant Trust Officer J. P. Morgan & Co. Inc.

H. M. Rogers has been appointed Assistant Trust Officer of J. P. Morgan & Co. Incorporated, it was made known this week.

DIVIDEND NOTICE

Bayuk Cigars Inc.

A dividend of thirty-seven and one-half cents (37½¢) per share on the Common Stock of this Corporation was declared payable March 15, 1944, to stockholders of record February 29, 1944.

Checks will be mailed.

John A. Snyder
TREASURER

Philadelphia, Pa.
February 18, 1944

MAKERS OF PHILLIES

DIVIDEND NOTICES

CHRYSLER DODGE **Chrysler Corporation** DE SOTO PLYMOUTH

NOW MAKING WAR PRODUCTS

DIVIDEND ON COMMON STOCK

The directors of Chrysler Corporation have declared a dividend of seventy-five cents ($.75) per share on the outstanding common stock, payable March 14, 1944, to stockholders of record at the close of business February 28, 1944.

B. E. HUTCHINSON
Chairman, Finance Committee

CANADIAN PACIFIC RAILWAY COMPANY

Dividend Notice

At a meeting of the Board of Directors held today a dividend of two per cent. (fifty cents per share) on the Ordinary Capital Stock in respect of, and out of earnings for, the year 1943, was declared payable, in Canadian funds, March 31, 1944, to Shareholders of record at 3 p.m. on March 1, 1944.

By order of the Board,

FREDERICK BRAMLEY,
Secretary

Montreal, February 14, 1944.

J. I. Case Company

Incorporated

Racine, Wis., February 14, 1944.

A dividend of $1.75 per share upon the outstanding Preferred Stock of this Company has been declared payable April 1, 1944, to holders of record at the close of business March 11, 1944.

THEO. JOHNSON, Secretary.

KANSAS CITY POWER & LIGHT COMPANY

First Preferred, Series B Dividend No. 69
Kansas City, Missouri February 16, 1944

The regular quarterly dividend of $1.50 per share on the First Preferred, Series "B", Stock of the Kansas City Power & Light Company has been declared payable April 1, 1944, to stockholders of record at the close of business March 14, 1944.

All persons holding stock of the company are requested to transfer on or before March 14, 1944, such stock to the persons who are entitled to receive the dividends.

H. C. DAVIS, Assistant Secretary.

KENNECOTT COPPER CORPORATION

120 Broadway, New York 5, N. Y.

February 18, 1944.

A cash distribution of twenty-five cents (25c) a share and a special cash distribution of twenty-five cents (25c) a share have today been declared by Kennecott Copper Corporation payable on March 31, 1944, to stockholders of record at the close of business on February 28, 1944.

A. S. CHEROUNY, Secretary.

OFFICE OF NORTHERN STATES POWER COMPANY (WISCONSIN)

The board of directors of Northern States Power Company (Wisconsin), at a meeting held on February 15, 1944, declared a dividend of one and one-quarter per cent (1¼%) per share on the Preferred Stock of the Company, payable by check March 1, 1944, to stockholders of record as of the close of business February 19, 1944, for the quarter ending February 29, 1944.

N. H. BUCKSTAFF, *Treasurer.*

St. Louis, Rocky Mountain & Pacific Co.

Raton, New Mexico, February 17, 1944.

PREFERRED STOCK DIVIDEND NO. 100

The above Company has declared a dividend of $5.00 per share on the Preferred Stock of the Company to stockholders of record at the close of business February 24, 1944, payable March 10, 1944. Transfer books will not be closed.

COMMON STOCK DIVIDEND NO. 87

The above Company has declared a dividend of $2.00 per share on the Common Stock of the Company, to stockholders of record at the close of business February 24, 1944, payable March 10, 1944. Transfer books will not be closed.

P. L. BONNYMAN, Treasurer.

SOUTHERN PACIFIC COMPANY

DIVIDEND NO. 105

A QUARTERLY DIVIDEND of Fifty Cents ($.50) per share on the Common Stock of this Company has been declared payable at the Treasurer's Office, No. 165 Broadway, New York 6, N. Y., on Monday, March 27, 1944, to stockholders of record at three o'clock P. M., on Monday, February 28, 1944. The stock transfer books will not be closed for the payment of this dividend.

J. A. SIMPSON, Treasurer.

New York, N. Y., February 17, 1944.

TENNESSEE CORPORATION

TENNESSEE CORPORATION

A dividend of 25¢ per share has been declared, payable March 31, 1944, to stockholders of record at the close of business March 9, 1944.

61 Broadway,
New York 6, N. Y.
February 15, 1944.

J. B. McGEE
Treasurer.

DIVIDEND NOTICES

TEXTILES
PLASTICS
CHEMICALS

CELANESE

CORPORATION OF AMERICA

180 Madison Avenue, New York 16, N. Y.

THE Board of Directors has this day declared the following dividends:

5% CUMULATIVE SERIES PRIOR PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.25 per share, payable April 1, 1944 to holders of record at the close of business on March 11, 1944.

7% CUMULATIVE SERIES PRIOR PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable April 1, 1944 to holders of record at the close of business on March 11, 1944.

7% SECOND PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable April 1, 1944 to holders of record at the close of business on March 11, 1944.

COMMON STOCK

A dividend payable on March 31, 1944 in Common Stock of the Corporation, to holders of the outstanding shares of Common Stock of the Corporation of record at the close of business on March 11, 1944, at the rate of one (1) share of such Common Stock for each seventy (70) shares held.

JOHN A. LARKIN,
Vice-Pres. & Sec'y.

February 18, 1944.

ELECTRIC BOAT ★ COMPANY ★

33 Pine Street, New York 5, N. Y.

The Board of Directors has this day declared a dividend of twenty-five cents per share on the Capital Stock of the Company, payable March 10, 1944 to stockholders of record at the close of business February 28, 1944.

Checks will be mailed by Bankers Trust Co., 16 Wall St., New York 15, N. Y., Transfer Agent.

H. G. SMITH, Treasurer.

February 11, 1944.

THE ELECTRIC STORAGE BATTERY CO.

Exide BATTERIES

The Directors have declared from the Accumulated Surplus of the Company a dividend of Fifty Cents ($.50) per share on the Common Stock, payable March 31, 1944, to stockholders of record at the close of business on March 10, 1944. Checks will be mailed.

H. C. ALLAN, *Secretary and Treasurer.*

Philadelphia, February 18, 1944.

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company declared a quarterly dividend of fifty cents (50c) per share on the common stock payable April 15, 1944, to all holders of record at the close of business on March 20, 1944.

SANFORD B. WHITE, Secretary.

INTERNATIONAL SALT COMPANY

475 Fifth Avenue, New York 17, N. Y.

A dividend of FIFTY CENTS a share has been declared on the capital stock of this Company, payable April 1, 1944, to stockholders of record at the close of business on March 15, 1944. The stock transfer books of the Company will not be closed.

HERVEY J. OSBORN, Secretary.

JM

Johns-Manville Corporation

DIVIDEND

The Board of Directors declared a dividend of 50c per share on the Common Stock payable March 10, 1944, to holders of record February 26, 1944.

ROGER HACKNEY, *Treasurer*

LIQUIDATION NOTICE

The First National Bank located at Butte in the State of Nebraska is closing its affairs. All creditors of the association are therefore hereby notified to present claims for payment.

ED. S. DONAHUE, President.

Dated December 2, 1943.

Tomorrow's Markets Walter Whyte Says——

(Continued from page 795)

strong the fighting spirit of the Japs, their willingness to die for the Emperor, their entrenchment in far-flung areas, their economic situation, the stuff that makes the wheels of war go round, is far weaker than the Nazi's. I therefore submit, that contrary to popular belief, the Japs may capitulate before the Germans. And that, instead of Germany falling in one month to one year, it may take all of five years to lick 'em.

* * *

Of course, all these possibilities have market implications. But the answers are complex that no one week's, or even one month's, tape action can give the clue. The thoughts expressed above have long-term meanings which cannot be evaluated without knowing considerably more of the post-war policies, social as well as economic.

* * *

On a short-term indication, last week's market action remains inconclusive. The rails have made new highs but the industrials continue to act like bashful little girls. Here and there a stock or so feeling bolder than the rest steps out, but seldom is this stepping-out process followed through. Yet, in the light of what we know, it is these bolder stocks that show the direction the groups are pointing to.

* * *

So last week's advice continues: hold on to stocks recommended here and buy those mentioned when available at specific prices.

* * *

American Steel Founders at 25, now about 26, should be stopped at 24. Partial profits across 27 would be a good idea.

* * *

Switch from Armstrong Cork, bought at 38 and gotten out at about the same price, into American Car & Foundry between 33 and 34 was not possible last week. Car & Foundry's low was 35. Suggest repetition.

* * *

The same thing was true of other new recommendations. Stocks did not get low enough to buy, and this is no time to chase them. Chances are, before next column appears, two to four-point set-back will occur, giving you the chance to buy at suggested levels.

* * *

Incidentally, keep an eye on utilities, particularly the American Foreign Power group.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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CHICAGO DETROIT PITTSBURGH
GENEVA, SWITZERLAND

NASD 5% Rule Threat To Post-War Employment And Small Business

(Continued from page 787)

ways. One, unity of action against arbitrary policies as illustrated by the recent behavior of NASD, SEC, NLRB and other agencies. Second, such a body could act as an advisory and fact-finding body to Congress which certainly is not now so constituted as to give itself expert opinion on a thousand and one questions in regard to the national economy. If it is argued that such an organization would be guided solely by selfish motives, I would say: Point one, we can leave it to the people's representatives to discriminate between subjectivity and objectivity. Point two, I am not convinced that a selfish action of a business group is ipso facto bad for the country.

Outside of this dangerous lack of unity, there exists among the diverse business groups a lack of appreciation of the proper role each business unit plays within the national economy. For example, Mr. Charles R. Hook, former President of the NAM, in a recent address before the San Francisco Chamber of Commerce stated that "indications are that approximately 9,000,000 more people will want jobs after the war than were employed in the best peacetime year." This means venture capital must be available to make room for at least some of these prospective workers. But the NASD profit limitation rule will drive out the small dealer so essential to the smaller underwriting houses. Big dealers sell blue chips, they do not engage in the marketing of semi-speculative issues. I know of a small underwriting house here in New York which arranged sometime ago for an issue with a smaller manufacturing establishment to the amount of $300,000. Sixty-seven dealers were involved in this particular case. Kill off the small dealers and it will be impossible for smaller companies to obtain funds. No funds, no jobs. Where is the support that smaller business should give in this fight for the preservation of the small dealer?

There is a direct correlation between the mentioned lack of unity of purpose and the lack of a proper understanding of the effect of the individual business conduct upon the national economy and its repercussion upon the individual business unit. The lack in this respect is appalling. Take the bankers as illustration par excellence. Bankers know how to make money; they know how to render service to the community. But most of them have absolutely no idea of the relationship of one bank and its operation to the banking system as a whole. The same can be said of business as a whole. How then can one expect a unity of purpose if there is no conception of unity in the first place? There is a great educational job to be done; perhaps a revival of the American institution of the Chautauqua is advisable. Regardless of competition, there must be a fundamental agreement on the question of the general social structure within which all business is to function.

There is a third point in this overall picture, namely the problem of public relations. This is quite distinct from an educational campaign to promote unity within business. Public relation in regard to the general public. What a sorry mess public relations are in most of our big and small business units! Granted a few outstanding exceptions, the rank and file of American public relations men is a splendid collection of uninformed individuals. Most businesses have no conception what a sound and complete public relations program implies. Once business decides to let the public in on their doings (never mind the skeletons in the closet; everybody has them!), perhaps it will obtain better support in its fight to maintain private enterprise. Unity of purpose. More education among business groups. Adequate public relations.

There is no intention here to ascribe sinister motives to this or any future administration. Attacks are made in a democracy at one time by most anybody upon most anybody. Unless there is some general understanding among all business groups to come to the aid of a particular business when fundamental policies are attacked, such attacks tend to be extremely costly in a complex and economically interdependent society.

All that has been said is in regard to the broader aspects of the problem under discussion, viz., the NASD profit limitation rule. Why should other business come to the aid of the small dealers in securities who would be adversely affected by this rule? I have already referred to the need for venture capital to increase employment opportunities. The need for new capital entailing a high risk is much more important than the average person realizes. Much has been said about the danger of rapidly rising prices after this war. I am almost inclined to talk about a deflationary rather than an inflationary problem. Does business as a whole realize the stock pile problem that will exist? Moreover, when Germany collapses payments to a vast number of industrial workers will disappear; there will certainly be shifts from high-wage occupations to lower wages in the production of peacetime goods. By how much will this cut national income payments? A feeling of insecurity will certainly not contribute to the quick spending of wartime savings. Contemplated from such an angle, the maintenance and improvement of the American capital market becomes of the utmost importance.

The questionnaires sent to the NASD members admittedly showed that in 29% of the transactions cited, mark-ups of more than 5% were necessary. This quite aside from the fact that apparently many of the 50 transactions listed by each member were not bona fide customer transactions. The Governors of the NASD, in a letter of Nov. 9, 1943, addressed themselves to all members of the District Business Conduct Committees: "Isolated transactions, where the spread or mark-up is in excess of 5%, may warrant only informal inquiry or a precautionary letter, but where **practice** is established, formal complaint procedure is the recommended course." This raises a number of interesting points.

(1) What can the conclusion mean that 71% of the transactions reported were effected at a mark-up of not over 5% if the questionnaires were not classified according to the size of firms reporting? A large Wall Street firm doing a volume business and those not having a retail sales force can certainly operate on a smaller profit. The results, at any rate, would indicate that a large number of small dealers will have to fold up.

(2) The rule is a tax on gross income. Our Federal income tax has been placed very wisely on net income. To tax gross income would be highly discriminatory since a $10,000 gross income might mean $5,000 net income in one case; $8,000 in another. No consideration was given to costs. Rents, wire service fees, wages, etc., are to a large extent fixed regardless of the volume of business. It is unfair to hold two businesses to the same mark-up if volume differs.

(3) There seems to be such utter confusion within our government. The SEC under the NASD as code authority (does anyone remember Charles Evans Hughes in the Schechter case: "But would it be seriously contended that Congress could delegate its legislative authority to trade or industrial associations or groups so as to empower them to enact the laws they deem to be wise and beneficent for the rehabilitation and expansion of their trade and industries?") controls the profits of an American competitive business. On the other hand, no attempt has as yet been made to limit the profits of other businesses in a similar fashion. Should this come, would it not be discriminatory to place a grocery store in a little hamlet, a supermarket, and Montgomery Ward in the same group? Purchasing securities is a case of quantity and quality being known to the buyer. If he wants to purchase a particular common stock he knows its quality, which is more than the consumer does when he purchases furniture, clothing, or antiques. Why this double standard?

(4) The anti-trust division of the Department of Justice has recently indicated that securities underwriting is just like any other business,* hence its competitive nature must be preserved. Underwriters' selling agreements are violations of the Sherman Act. The NASD comes along, would drive out the small dealers, and create a monopoly structure devoid of its former competitive nature.

(5) In a way the NASD reminds one of the New York Stock Exchange prior to its reorganization. Perhaps what is needed is a fight for representation of the smaller firms of the policy committee. The commission brokers had to holler until they were given an adequate voice in policy decisions. Except here, the cards seem to be stacked against the small fellows, while in the case of the Stock Exchange the SEC was pressing for recognition of the smaller interests. Certainly the large underwriting houses and Stock Exchange firms are overrepresented in the running of the affairs of the association. Such diversification of representation would also facilitate the greater dissemination of information among members prior to voting on policies to be adopted. The slick job that was done in putting over the profit limitation rule is merely an illustration of parliamentary procedure in the absence of adequate representation of all interests concerned.

(6) Congress intended to protect the investor, but the present set-up deprives investors of protection. The 5% gross profit limitation rule will spell the practical elimination of an open market for the smaller securities issues. No over-the-counter dealer will risk ownership of the securities of small, local corporations if his gross profits are so severely restricted. Many holders of such securities will find that their securities are difficult to dispose of, and that their holdings have a most uncertain marketability. The effects on banks making loans on such collateral is obvious.

(7) The distribution of small issues is a difficult thing because of their limited marketability. People want to be sure they can shift commitments should they decide to do so. If marketability is still further reduced or eliminated, it will be impossible to market small issues.

(8) Congress and the Administration profess to be extremely solicitous of the welfare of small business. On the other hand, the NASD 5% profit limitation rule and one like the bid and asked disclosure rule that the SEC proposed some time ago, and continues to talk about, would intentionally, or unintentionally, eleminate it from the scene. The country needs jobs, some of which small business no doubt could provide if capital is available. If not, a repetition of mergers may occur after this war just as they did after World War I. Mergers not for monopoly purposes or for the profits of promoters, but mergers effected to obtain additional capital.

(9) The SEC permits 15% profit on underwritings. Suppose one grants its adequacy, the question still remains: How can a successful underwriting job be carried out unless markets are maintained for these securities? If the small dealer passes out of the picture, the smaller underwriting houses are washed up, too. The public and, I dare say, Congress are quite unaware of the social contributions of the small fellows. Cases have come to my attention where the small dealers participated in the marketing of large blocks of securities from estates which if thrown on a thin market would have caused considerable losses to investors. How much free advice is given by the dealer to members of his community? How many little speculative ventures, the ventures that have added so much to our comfort, were successfully concluded thanks to the existence of the small dealer? An investigation into the history of such a commonplace thing as the sanitary milk cap would prove very enlightening in this respect.

(10) There is always the possibility that a black market will develop in certain types of securities as a result of excessive regulation. Certainly trading will be done; it is inherent in the American character. If no regular dealer markets exist because of the 5% profit limitation or bid and asked disclosure rules, someone will do the trading—without much protection for the small investor. How can a securities dealer, of all people, be expected to do business if he must reveal the wholesale price prior to the acceptance of an order? He labors under a great risk. There are too many variables involved. He deals with capital goods whose values depend upon future income.

The aforementioned problems

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*And they are right in principle, although there is adequate justification for the contention of underwriters that in the initial stages of distribution selling agreements should be permissible.

OFFERINGS

ABBOTT LABORATORIES

Abbott Laboratories has filed a registration statement for 94,439 common shares, without par value.

Address—Fourteenth Street and Sheridan Road, North Chicago, Ill.

Business—Engaged in the manufacture, distribution and sale of pharamaceutical, medicinal, chemical, biological and vitamin products.

Underwriting—The names of the underwriters and the percentages of the unsubscribed common shares to be purchased by each of them, are as follows: A. G. Becker & Co., Inc., 50%; F. S. Moseley & Co., and Shields & Co., 25% each, all firms of Chicago.

Offering—The 94,439 shares are being offered by the company to the holders of its common shares, for subscription at $45 a share, at the rate of one share for each eight common shares held of record at the close of business on Feb. 17, 1944. Subscription warrants will be exerciseable beginning Feb. 18, 1944, will be transferable and will expire at 3 p.m. on March 1, 1944.

Proceeds—Will be available for general corporate purposes pending specific allocation of such funds. Some of the funds may be used to carry additional receivables and inventories, to pay current liabilities, and to increase bank balances. Some of the funds may be used at some future time to provide for expansion of the company's manufacturing facilities. One of the purposes of this financing is to provide the company with funds with which to meet post-war opportunities which may present themselves for the expansion of the company's business.

Registration Statement No. 2-5296. Form S-1. (1-31-44).

Registration statement effective 5:30 p.m. EWT on Feb. 16, 1944.

CENTRAL ILLINOIS ELECTRIC & GAS CO

Central Illinois Electric & Gas Co. has filed a registration statement for 400,000 shares of common stock, par value $15 per share. The stock is already issued and outstanding and does not represent new financing.

Address—303 North Main Street, Rockford, Ill.

Business—Operating public utility.

Underwriting—To be applied by amendment.

Offering—Consolidated Electric & Gas Co. is the beneficial owner of all of the outstanding common stock of Central Illinois. Consolidated is, in turn, controlled by Central Public Utility Corp., a registered holding company. The stock registered is being disposed of by Consolidated in compliance with the provisions of Section 11 (b) (1) of the Public Utility Holding Company Act. No portion of the proceeds of the sale of the common stock registered will be received by Central Illinois. Consolidated Electric has petitioned the Commission for an exemption from the competitive bidding requirements of the Commission's Rule U-50 in order that it can sell the stock at negotiated sale to Central Republic Co., an investment firm of Chicago, which firm subsequently would make a public offering.

Proceeds—Consolidated plans to use the proceeds to retire Federated Utilities, Inc., 5½% bonds, and to apply the balance to the purchase in the open market of Consolidated's own bonds.

Registration Statement No. 2-5272. Form S-2. (12-20-43.)

Central Illinois Electric & Gas Co. filed an amendment on Jan. 25 to its registration statement in connection with proposal of Consolidated Electric & Gas Co., parent company, to offer for sale pursuant to the Commission's competitive bidding rule 400,000 shares of Central Illinois Electric common stock. Names of underwriters, offering price to the public and spread will be filed by post-effective amendment.

In its original filing Consolidated made no provision for the sale of the stock and subsequently asked the Commission for an exemption from the competitive bidding rule in order to sell the stock at a negotiated sale to the Central Republic Co. of Chicago which planned to head a syndicate to distribute the stock. A hearing was held on the application, but no formal ruling was entered by the Commission and Consolidated has amended its plan providing for sale of the stock at competitive bidding.

Registration statement effective 4 p.m. EWT on Feb. 4, 1944.

Awarded Feb. 14, 1944 to Allen & Co. at $17.63 a share. Associated with Allen & Co. are Bear, Stearns & Co., Bankamerica Co., Schoellkopf, Hutton & Pomeroy, Inc., Peltason, Tenenbaum, Inc. and Scherch, Richter Co.

Offered Feb. 17, 1944 at $19.125 per share by Allen & Co. and Associates.

CENTRAL OHIO LIGHT & POWER CO.

Central Ohio Light & Power Co. has filed a registration statement for $4,300,000 first mortgage bonds, series A, 3½%, dated Feb. 1, 1944, due Feb. 1, 1974.

Address—120 North Main Street, Findlay, O.

Business—Public utility operating exclusively in Ohio.

Underwriting—To be supplied by post-effective amendment.

Offering—Price to the public will be supplied by post-effective amendment. Company proposes to ask for bids under the competitive bidding requirements of the Commission's Rule U-50.

Proceeds—Proceeds from sale of the bonds, together with other funds of the company, will be applied to the redemption of $3,981,000 principal amount of first mortgage bonds, 4%, series C, due Aug. 1, 1964, at 106¾%, which will require $4,249,717, and of $394,000 face amount of first mortgage bonds, 3½%, series D, due March 1, 1966, at 103¼%, which will require $406,805, the two redemptions aggregating $4,656,522 exclusive of accrued interest and expenses.

Registration Statement No. 2-5289. Form S-1. (1-15-44.)

Registration statement effective 5:30 p.m. EWT on Feb. 3, 1944.

Bonds Awarded to Kidder, Peabody & Co., Feb. 14 on bid of 105.159.

Offered Feb. 16 by Kidder, Peabody & Co. at 105¾ and int.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing (unless accelerated at the discretion of the SEC), except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930 (b).

Offerings will rarely be made before the day following.

SATURDAY, FEB. 26

OKLAHOMA NATURAL GAS CO.

Oklahoma Natural Gas Co. has registered $18,000,000 first mortgage bonds series due April 1, 1961, and 180,000 shares of preferred stock, Series A, cumulative, par value $50 per share.

Address — 624 South Boston Avenue, Tulsa, Okla.

Business—Operating public utility engaged in producing, purchasing and distributing natural gas.

Underwriting—Names to be supplied by post-effective amendment.

Offering—The bonds and new preferred stock are to be offered for sale subject to the competitive bidding requirements of the Commission. The successful bidder will name interest rate on the bonds and dividend rate on the preferred stock. Offering prices of both bonds and stock will be supplied by post-effective amendment.

Proceeds—Net proceeds, together with such additional amounts up to $6,500,000 as may be required, and obtained from the proceeds of a new bank loan will be applied to redemption purposes as follows: $16,500,000 face amount of first mortgage bonds, Series B, 3¾%, due Aug. 1, 1955, at 104½ and $3,678,000 face amount of first mortgage bonds, Series C 3% due April 1, 1956, at 104¼, total $21,076,815; payment of $3,500,000 bank loan; redemption of 58,000 shares of $5.50 convertible prior preferred stock at $110 per share or $6,380,000 and redemption of 91,055 shares of $3 preferred stock, $50 par, at $55 per share or $5,008,025, grand total $35,964,840. The amounts required for such purposes will be reduced to the extent the $5.50 convertible prior preferred is converted into common stock before the redemption date. If no conversions of the $5.50 convertible prior preferred are made additional sums, other than those provided by the new securities and new bank loan, will be required from the company's general funds and will be available for the purpose.

Registration Statement No. 2-5302. Form S-1. (2-7-44).

SUNDAY, FEB. 27

WARE SHOALS MANUFACTURING CO.

Ware Shoals Manufacturing Co. has registered 10,000 shares of 5% cumulative preferred stock, par $100 per share.

Address—Ware Shoals, South Carolina.

Business — Manufacturing, finishing and fabricating of cotton goods.

Underwriting — Names of underwriters and number of shares to be purchased by each follow: H. T. Mills, Greenville, S. C., 3,000; A. M. Law & Co., Spartansburg, S. C., 3,000; Citizens Trust Co., Greenwood, S. C., 1,000; Courts & Co., Greenville, S. C., 750; G. H. Crawford & Co., Inc., Columbia, S. C., 750; Vivian M. Manning, Greenville, S. C., 750; Alester G. Furman Co., Greenville, S. C., 500, and Frost, Read & Co., Inc., Charleston, S. C., 250.

Offering—The company offers the right to purchase preferred stock to holders of common stock who have not waived such right, on the basis of one share of preferred for each five shares of common. Such waivers have been requested by the management to enable the company to arrange for the underwriting of the entire issue on a more satisfactory basis than would otherwise be possible. Offering price is to be supplied by amendment.

Proceeds—Purpose of issue is to effect the retirement of the 9,725 shares of 7% preferred stock presently outstanding.

Registration Statement No. 2-5303. Form S-1. (2-8-44).

WEDNESDAY, MARCH 1

LINCOLN SQUARE BUILDING COMPANY

Stuart W. Robinson, Carl U. Luers and Maurice A. Rosenthal, voting trustees, have filed a registration statement for voting trust certificates for 2,030 shares of common stock of no par value of Lincoln Square Building Co.

Address—Statutory Office, Room 840, 310 South Michigan Ave., Chicago, Ill.

Business—Lincoln Square Building Co. owns and operates the theatre, store and office building located at the southeast corner of Fifth and Jefferson Streets, Springfield, Ill.

Underwriting.—None.

Purpose—To extend voting trust agreement. The present trust agreement expired Sept. 30, 1943. The trust agreement, as extended, will expire Sept. 30, 1953. The certificates registered is upon the assumption that all of the present holders of participating certificates will agree to the extension of the present trust agreement.

Registration Statement No. 2-5304. Form F-1. (2-11-44).

THURSDAY, MARCH 2

REPUBLIC INVESTORS FUND, INC.

Republic Investors Fund, Inc., has registered 300,000 shares of common stock, par value $1 per share.

Address—40 Exchange Place, New York, N. Y.

Business—Management leverage investment company.

Underwriting—W. R. Bull Management Co., Inc., is named principal underwriter.

Offering—At market.

Proceeds—For investment.

Registration Statement No. 2-5305. Form A-2. (2-12-44).

MONDAY, MARCH 6

MASSACHUSETTS INVESTORS TRUST

Massachusetts Investors Trust has filed a registration statement for 866,368 shares of beneficial interest.

Address—19 Congress Street, Boston, Mass.

Business—Investment trust.

Underwriting — Massachusetts Distributors, Inc., is named principal underwriter.

Offering — Date of proposed offering April 1, 1944. At market.

Proceeds—For investment.

Registration Statement No. 2-5306. Form A-1. (2-16-44).

WEDNESDAY, MARCH 8

HOUSTON LIGHTING & POWER CO.

Houston Lighting & Power Co. has filed a registration statement for 112,264 shares of $4 preferred stock and 47,513 shares of common stock, both stocks without nominal or par value.

Address — 900 Fannin Street, Houston, Texas.

Business—Principally an operating electric utility company.

Underwriting — Smith, Barney & Co., Lazard Freres & Co., and Blyth & Co., Inc. all of New York, are underwriters of 60,000 shares of the $4 preferred stock. The balance of the preferred and the common stock which is being offered in exchange to holders of presently outstanding preferred stock, is not being underwritten.

Offering — The company will offer to each holder of its 7% preferred and $6 preferred stocks the following options as to any part or all of such holdings: To exchange such preferred stock for $4 preferred on the basis of 1 1/10 shares of $4 preferred for each share of 7% preferred or $6 preferred stock—(b) to exchange such preferred stock for $4 preferred stock and common stock on the basis of one-half share of preferred and one share of common stock for each share of such preferred. The offering price of the $4 preferred stock to the public will be supplied by amendment.

Proceeds—Net proceeds from the sale of 50,000 shares of $4 preferred will be added to working capital (in part to replenish the company's treasury for cash used for construction), and no part of such proceeds will be used for redemption of any of the company's 7% or $6 preferred stock. Net proceeds from sale of remaining 10,000 shares of $4 preferred sold to the underwriters will be set aside by the company in the first instance for use in the redemption or retirement of its 7% and $6 preferred stocks and in making necessary cash adjustments with exchanging stockholders. Any balance will be added to working capital.

Registration Statement No. 2-5307. Form A-2. (2-18-44).

AMERICAN CASUALTY CO. OF READING, PENNA.

American Casualty Co. of Reading, Penna., has filed a registration statement for 100,000 shares of capital stock, par value $5 per share.

Address—607 Washington St., Reading, Pa.

Business—Multiple line casualty company. Conducts a general casualty insurance business.

Underwriting—None reported.

Offering—The 100,000 shares of capital stock are being offered by the company at $11 per share to stockholders on the basis of one-half of a new share for each share held. The new stock will be offered to stockholders of record March 10, 1944. The stock purchase warrants are to be exercisable for a period of 30 days after issuance, but, at all events, until at least April 20, 1944.

Proceeds — Proceeds to company from proposed offering is $1,100,000. The purpose of the financing is to increase the capital and surplus of the company to enable it to, (1) meet the capital requirements for admission to transact business in all of the states and territories of the United States; (2) organize or acquire a stock fire insurance company, and (3) retain a larger portion of its business without resorting to reinsurance.

Registration Statement No. 2-5308. Form S-1. (2-18-44).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN REALTY CO.

American Realty Co. has filed a registration statement relating to the offering for the extension of first mortgage serial notes of Housam Realty Co., secured by a first mortgage deed of trust on the Ranelagh Apartments, 5707 McPherson Avenue, St. Louis, Mo., in the aggregate principal amount of $240,750.

Address—5707 McPherson Avenue, St. Louis, Mo.

Business—Apartment building. American Realty Co. was incorporated July 21, 1943, to acquire and own the equity in the Ranelagh Apartments subject to the first mortgage deed of trust, securing the outstanding and unpaid mortgage serial notes of the par value of $267,000 which, by the plan of reorganization, are to be reduced by 10% to $240,750 of par value, and on outstanding second deed of trust on which there is an unpaid balance of $40,500.

Underwriting—None.

Offering—Purpose of present offering to the noteholders is to reduce the principal amount of all the notes outstanding by 10%, leaving, after such reduction of principal, an aggregate first mortgage indebtedness of $240,750.

Registration Statement No. 2-5282. Form S-1. (12-30-43.)

Amendment filed Jan. 14, 1944, to defer effective date.

BEN-HUR PRODUCTS, INC.

Ben-Hur Products, Inc., has filed a registration statement for $300,000 5% convertible debentures, series of 1943, due Feb. 1, 1951, and 11,400 prior preferred shares, for the purposes of such conversion.

Address—800-812 Traction Avenue, Los Angeles, Cal.

Business—Engaged in business of processing and marketing at wholesale of coffee, tea, extracts, prepared mustard and spices.

Underwriting—Pacific Company of California, and Wyeth & Co., both of Los Angeles, are named underwriters, each having agreed to purchase $150,000 of the debentures at 92½%, or a total amount of $277,500.

Offering—Price to publc, 100.

Proceeds—To retire bank loans and working capital.

Registration Statement No. 2-5273. Form S-1. (12-20-43.) Statement originally filed in San Francisco.

Amendment filed Feb. 15, 1944, to defer effective date.

BONWIT TELLER, INC.

Bonwit Teller, Inc., has filed a registration statement for 35,565 shares of 5½% cumulative convertible preferred stock, $50 par value, and 108,913 shares of common stock, par $1 per share. The latter includes 88,913 shares of common reserved for issuance upon the conversion of the 5½% cumulative convertible preferred stock registered, at the present rate of conversion, which may vary from time to time in the event of certain contingencies. The shares are issued and outstanding and the offering does not represent new financing by the company.

Address—721 Fifth Avenue, New York City.

Business—Owns and operates one of the outstanding large specialty stores in the United States.

Underwriting—Allen & Co., New York City, is named principal underwriter for both the preferred and common stock.

Offering—The offering price to the public of both the preferred and common stock will be supplied by amendment. The prospectus offers the 35,565 shares of 5½% preferred and 20,000 shares of common stock. The shares are presently issued and outstanding and are being purchased by the underwriters from Atlas Corporation and its subsidiary Rotary Electric Steel Co. Atlas Corporation, directly and indirectly, has been the controlling stockholder of the company since its organization.

Proceeds—Proceeds will go to the selling stockholders.

Registration Statement No. 2-5245. Form A-2. (10-29-43).

Amendment to defer effective date filed Feb. 19, 1944.

BUTTES OILFIELDS, INC.

Buttes Oilfields, Inc., has filed a registration statement for 306,305 shares of class A common stock, par $1 per share.

Address—912 Syndicate Building, 1440 Broadway, Oakland, Cal.

Business—Organized to drill and develop certain properties held under a community oil, gas and mineral lease.

Underwriting—None named.

Offering—The company plans to reorganize its capital structure and put it virtually, if not wholly, on a common stock basis. The exchange features of the offering are limited to holders of the corporation's outstanding 6% preferred stock and to holders of its 8% unsecured notes. The offering for cash is limited to stockholders of record as of July 15, 1943. If fully subscribed, cash proceeds from the issue will be $150,000.

Proceeds—Cash proceeds will be disbursed as follows: liquidation of general indebtedness, $40,000; operating capital, $5,000; general cash reserve, $60,000; reserve for property acquisitions, etc., $45,000. Price per unit for securities to be offered for cash is $1.60, with no underwriting discounts and commissions.

Registration Statement No. 2-5268. Form S-1. (12-7-43.) Statement originally filed in San Francisco.

Amendment filed Feb. 19, 1944, to defer effective date.

EASTERN COOPERATIVE WHOLESALE, INC.

Eastern Cooperative Wholesale, Inc., has filed a registration statement for $100,000 4% registered debenture bonds authorized issue of 1943.

Address—44 West 143rd Street, New York City.

Business—Wholesale dealer in groceries and allied products, including, among other related activities, warehousing and packaging.

Underwriting—None.

Offering—The price of the bonds is $25 for each $25 principal amount thereof. The securities are being sold by the cooperative directly to its stockholders and friends interested in the cooperative movement without the interposition of any underwriter, dealer, broker or salesman. No commission is being paid to anyone in conjunction with such sale.

Proceeds—Proceeds are to be used to finance the purchase of the new warehouse and office building purchased in July, 1943, in New York, the purchase price of which was $50,000 cash on taking title and $12,000 in the form of a purchase money mortgage payable in installments over a period of seven years.

Registration Statement No. 2-5283. Form S-1. (12-31-43.)

Registration statement effective 5 p.m. EWT on Feb. 19, 1944, as of 5:30 p.m. EWT on Jan. 19, 1944.

FOOD FAIR STORES, INC.

Food Fair Stores, Inc., filed a registration statement for $3,500,000 15-year 3½% sinking fund debentures, due Feb. 1, 1959.

Address—2223 East Allegheny Avenue, Philadelphia, Pa.

Business—Operates supermarkets engaged in the retail sale of groceries, meats, meat products, vegetables, etc.

Underwriting—Eastman, Dillon & Co., New York, head the underwriting group, with names of others to be supplied by amendment.

Offering—Price to the public to be supplied by amendment.

Proceeds — To the payment of outstanding bank notes of $3,150,000, with prepayment premium and accrued interest, and to increase working capital.

Registration Statement No. 2-5280. Form S-1. (12-24-43.)

Amendment filed Jan. 28, 1944, to defer effective date.

GROUP SECURITIES, INC.

Group Securities, Inc., has registered 5,000,000 shares ($50,000,000 value for computation of fee), of a par value of one cent per share.

Address—No. 1 Exchange Place, Jersey City, N. J.

Business—Mutual investment company.

Underwriter—Distributors Group, Inc., is named principal underwriter.

Offering—Effective date of registration statement. At market plus underwriting or distribution charge.

Proceeds—For investment.

Registration Statement No. 2-5298. Form A-1. (2-1-44).

Registration statement effective 11 a.m. EWT on Feb. 18, 1944.

(This list is incomplete this week)

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are indicative of the threat to the continued existence of a private economy when arbitrary regulation sets in. Part of the predicament is due to the lack of concerted action on the part of business as a whole. Probably the strangest aspect of all is to watch the Government engage in the very actions denied to private business. Underwriters cannot protect the market of their securities by protective purchases. Yet the annual report of the Federal Reserve authorities, under the direction of the Treasury, proudly refers to the open market operations made in the interest of maintaining "a sound capital market."

Unity of purpose, education, public relations could do much to eliminate arbitrary rulings and infringements upon private business. America has not been made by whining individuals; it was made by fighters who believed in something and acted accordingly.

The Market

Despite the occasional outbreak of vigorous speculation in railroad equities, the near-term pattern of the market appears to us to be pretty much sidewise. (Moreover, it is a little disturbing to notice that strength in speculative railroad equities has been accompanied by nominal price weakness in the case of many high-grade investment stocks.) Generally it should be recognized that while railroad equities may be adjusting themselves to a much improved railroad situation, any indication that the war in Europe is approaching its end would probably bring about a sharp and widespread desire to liquidate. We believe it is a fair statement to say that buyers of rail equities are pretty much "fighting the calendar" and basing their commitments on a conviction that the war in Europe is not going to have any early finish. *Ralph E. Samuel & Co. (Feb. 16, 1944).*

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CIO Political Action Committee Refuses Records To Dies Committee

Sidney Hillman, Chairman of the Political Action Committee of the Congress of Industrial Organizations, revealed that the CIO group had refused to allow a Dies Committee investigator to see its records and financial accounts, contending that the Dies Committee was without authority to investigate their records. Advices to this effect were contained in the New York "Herald Tribune" of Feb. 19, from which we also take the following:

The CIO Committee, Mr. Hillman said in a statement issued at headquarters, 205 East 42nd Street, will refuse any demands which the Dies Committee may make on it for records, files, documents or materials. Mr. Hillman said that he and his associates would refuse to appear personally before the Dies Committee.

Mr. Hillman said that his action constituted the first open defiance of the Dies Committee by any group in the United States.

Calling Martin Dies, Chairman of the House Committee to investigate un-American activities, "America's No. 1 smear master," Mr. Hillman said that the CIO Political Action Committee is neither subversive nor un-American and, therefore, does not come under the purview of the Dies Committee.

At the same time Mr. Hillman indicated that the CIO Committee was willing to be investigated by any properly authorized Congressional committee or other investigating body. He revealed that the Federal Bureau of Investigation, on orders of Attorney General Francis Biddle, has been investigating the CIO and that all the records and documents of the organization have been made available.

John Abt, counsel to the CIO Political Action Committee, said that Mr. Dies had two possible courses to take in combating the CIO. One of these, he said, would be for the clerk of the House to issue a subpoena for Mr. Hillman or other CIO leaders and have them tried before the entire House of Representatives, with that body acting as judge and jury. The other would be to take the case to the Federal courts, he said.

The CIO, on the other hand, can apply for an injunction against Mr. Dies, but has no intention of doing so, Mr. Abt said. By refusing to turn over its books or to appear before his committee, Mr. Abt said, the CIO threw the ball directly to Mr. Dies, leaving the next move up to him.

Mr. Hillman said that the CIO Political Action Committee is working for registration of voters and a political program and rejected as an "impertinence" an attempt to investigate such a group as possibly subversive or un-American.

He said that the Dies Committee is interested in a fishing expedition "in order to defeat the legitimate political aspirations of millions of workers and their families, farm groups, small business men and genuinely progressive elements."

The CIO Political Action Committee is at the moment engaged in a bitter fight concerning the American Labor party in New York State. Mr. Hillman has proposed that the party be broadened to admit all trade unions to membership, with authority on a basis in proportion to their membership. The Right Wing of the ALP has contended this is merely a device to give Communist-controlled unions the power to rule the ALP.

The Johns-Manville Corporation Issues Unique Report On Annual Operations And Results

The Johns-Manville Corp., Lewis H. Brown, President, is to be commended for the intimate and simplified financial report which the company is making to the public, giving an account of its stewardship of war-time operation for the year 1943.

The facts, presented in the company's report as published in the advertising columns of the February 10th "Chronicle" and elsewhere, certainly refute the statements of demagogues who would indict the free enterprise system of "war profiteering."

The President's statement is typical of this company's far-sighted management and is indicative of its efforts in preparing to meet the problems of the reconstruction period that looms ahead:

"We know that our obligations can be met only by devoting all our abilities and intelligence to keeping our company sound and healthy, and by anticipating and preparing for the future."

Reduced to its simplest terms, the company's 1943 report states that after deducting from its total income of $107⅓ millions, costs amounting to $48 million, employees' wages and salaries of $43⅓ million, Government taxes of $11⅓ millions, there was left for the owners of the business $2 million or approximately 2% for dividends and $2⅔ millions to be retained in the business.

It should be noted that wages and salaries in 1943 were 17% greater, due to increases ordered by the War Labor Board and increased payments for overtime, than in 1942 although the number of employees were reduced by 1,100 to 14,100. Taxes were equivalent to $13.56 per common share or $817.64 per employee. Earnings after taxes were 4⅓¢ per dollar of total income, comparing with 5¢ last year. Dividends of $7 per share were paid on preferred stock and $2.25 on common.

The company manufactures more than a thousand products and is serving our armed forces and our war industries with insulations for ships, steel mills, synthetic rubber plants and other vital war industries; packings, gaskets, brake linings for war machines; building products for war construction; Celite products for camouflage paints; asbestos fiber; bombs and shells.

With an eye to the future when the company will face the task of converting its factories from war production to peace-time necessities, Johns-Manville has deposited $10,000,000 in a deferred expenditure fund to meet unusual contingent obligations created by the war, to care for capital expenditures which would have been made during the war years if it had not been for war conditions and to help finance necessary post-war developments. Part of this fund is intended for probable peace-time expansion that will help to provide employment for thousands of our men and women now in the armed services, when they return.

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Unusual Inflow Of Savings In January Reported By Insured Savings Associations Of N. Y. State

Insured savings associations in New York State experienced an unprecedented inflow of savings in January, it was announced on Feb. 16 by Carl F. Distelhorst, President of the Council of Insured Savings Associations of New York State. The announcement states that reports from 28 member associations showed gross savings receipts of $5,457,776 for the month, the highest for this group for any month on record. Withdrawals reflected both the usual seasonal increase and the extra withdrawals for bond purchases during the Fourth War Loan Drive. The net increase in savings account balances was $392,167 or 8% for the month and the number of accounts increased by 2,409 to 160,706 accounts. Total resources of these 28 insured associations on January 31 were $142,658,474 or 11.5% greater than a year ago.

"The unusually heavy inflow of savings is all the more significant," stated Mr. Distelhorst, "in view of the fact that also in January these associations sold $3,884,375 in war bonds to 22,979 individuals, more than four times the net increase in savings account balances. This represented an average of 82 war bonds sold by each employee."

It is added war bond sales at the half-way mark in the Fourth Drive equalled 72% of the total amount sold by these 28 insured savings associations during the entire Third Drive. Preliminary reports indicate that in the end they will exceed their Third Drive sales total by at least 50%. Bond purchases by these associations during the Fourth Drive amount to $6,440,000 or 4.6% of their assets, representing every dollar of net increase in savings accounts since the Third Drive, plus earnings and net mortgage repayments. Government bonds now represent 13% of their total assets. Further contributing to the Treasury's war financing needs, these insured associations in January retired $1,128,300 of investments held therein by the HOLC and the United States Treasury.

Every American Must Have Opportunity For Decent Home And Income, Says Gov. Warren

Gov. Earl Warren of California, speaking on a program on Feb. 19, sponsored by the Association of Women Directors of the National Association of Broadcasters to bring under way the American Home Campaign, declared that every American must be assured of the opportunity to have a decent home, a decent income and the full benefit of health services. We quote from the New York "Times" of Feb. 20, which went on to say:

Governor Warren emphasized that returning service men "will be acutely aware of the virtues of happy homes in a free land since they will recognize that the foundations of the country lie in the four freedoms, in free enterprise, discipline, hard work, personal integrity and other so-called old-fashioned virtues."

"In the coming international scene, our democracy should have the unity in home life to inspire the broken peoples of war-torn countries now awakened by global intercommunications such as the radio," he added.

"We must face our responsibilities as citizens to see that families are assured the chance to make a decent income; that there are enough decent houses to live in; that there are health services within the economic range of all; that our schools really educate every member of the family."

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The Financial Situation

It would be unfortunate indeed if the political controversy which appears to be rapidly growing up around the so-called Baruch report on post-war adjustment policy were in any degree to obscure two vital facts. The first of these is that whatever is good in the Baruch report, and there is much in it that is constructive and valuable, must be given effect whether by Administrative authorities or by Congress, or both. The second is that this report undertakes to cover only one phase, or at the most a relatively small group of related phases, of post-war policy, and that the territory it does not touch is fully as vital as that which it does explore.

The fact that the report has been plunged into the current "unpleasantness" between Congress and the President is no doubt in part a result of the mere fact that such a struggle, if such it may be termed, already existed. It is also in part due to the fact that there is widespread dislike in both political parties both in and outside Congress of the President's obvious ambition for a fourth term in office. Fundamentally, the whole controversy owes most of its feeling to the long-established habit of the President to ignore Congress when he felt he could with impunity, and to browbeat it into placing unprecedented power in his hands when such a course suited his plans and purposes best. This habit on the part of the Chief Executive, of course, long antedates the outbreak of the war, as does the corresponding habit of Congress of giving the President his way when all the tumult and the shouting were over.

Congressional Irritation

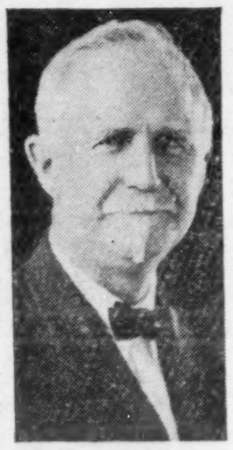
The fact that so much power now lies in the hands of the President, and that so much of it can effectively be taken from him either now or in the peace to come only

(Continued on page 819)

Four "Invasions" Seen By Babson

Looks For Few War Casualties

Babson Park, Fla.—Well, I am back again in Florida—I hope to be here for the remainder of the Winter. I am more and more convinced if we followed the habits of the birds instead of men, we all would be better off. This is one reason why I have a Bird Sanctuary at Babson Park, Massachusetts, and gladly support the John Willison Bird Museum there. Well—among other good things—birds know when to go South and when to return North.



Roger W. Babson

Don't Get Excited

As soon as I can get some gasoline to get about (it's awful tight here) I'm going to write a column about Florida. It rather looks now that Florida is getting all set for another boom. At any rate, it makes me cheerful to be here. The low figures for the number of our boys who are being killed in the war are also encouraging. Statistics indicate they are almost as safe in the army as at home. They enjoy better health, have no joy-riding and are free from industrial accidents. In fact—based upon an average of 5,000,000 in the armed forces since Pearl Harbor—only one man out of every 140 has been killed; while an even smaller proportion have been wounded severely enough not to return to active duty.

Having nothing to do today but sit in the sunshine, pick flowers, drink orange juice and listen to the birds sing, I have time to study my maps! Now, I am not a military man; but only a humble statistician. During World War I, I was an Assistant to the Secretary of Labor in Washington, in charge of heading off industrial strikes, and did a pretty good job of it. During that war I learned that the big things really going on are not talked about. Hence, we should "prove all things," as the Bible says, before getting excited.

There Will Be Four "Invasions"

With this thought in mind and a deep interest in future war casualties, I am now wondering about this much heralded and pre-digested Second Front. This is promised to start in northern France where the Channel is narrowest. Without doubt there will be a landing on the shores of northern France; but whether it will come before Germany shows more definite signs of col-

(Continued on page 826)

Baruch-Hancock Recommendations For Effecting Transition From War To Peace Economy

A voluminous report, embodying recommendations for dealing with the "transition from a war economy to that of peace" has been evolved by Bernard M. Baruch and John M. Hancock, and was presented by them on Feb. 18 to James F. Byrnes, Director of the Office of War Mobilization, in Washington. While prepared by Messrs. Baruch and Hancock at the direction of the White House, it is stated that the report "represents the cumulative effort of many top-flight executives in and out of government, who contributed ideas and criticisms."

The report says there is no need for a post-war depression. Handled with competence, our adjustment, after the war is won, should be an adventure in prosperity. Our soldiers will not be let down. They are our chief concern. No pressure group of self-seekers will take our thoughts from the duty we owe them.

Finally, while the producers should be restrained from excessive profits during the war, the workers, as long as hostilities are on, should refrain from strikes. No grievance, however just, should be permitted to slow our march to victory.

From the report we also quote:

Our specific assignment was to study the immediate demobilization policies which have to do, necessarily, with the stimulation of the war effort, since victory is the first essential, and with the preparation for peace to follow victory—to win the war and to prepare for peace.

In the development of this theme we find certain considerations to be of first importance. They include:

Getting us all back to work in peace-time enterprises. * * * Taking the Government out of business. * * * Place all war agencies under running review to cut them down as their work dwindles; also review of all war industrial controls; immediate extension of laws governing price control, priorities and requisitioning, all three expiring this year. * * * Prepare now for future action reducing taxes from war to peace-time levels, thereby providing necessary incentive for initiative and enterprise and stimulating employment. * * * Prepare an emergency "X" day reconversion plan to be used in the event of a sudden collapse of Germany so as to enable us to go on with our cruside against Japan and at the same time to prevent the dislocation resulting from lack of preparation. This phase of the broader plan is to be worked out by the armed services with the War Production Board.

Pointing out that the report and an accompanying 30,000 words of explanatory material contain ten main proposals and dozens of lesser ones, ranging from the creation of two new White House positions under Mr. Byrnes to a policy statement that once the war is ended government must get out of business and leave the field to private enterprise, the Associated Press advices from Washington stated (Feb. 19):

The first objective is stated as "getting us all back to work in peace-time enterprises." This problem is assured by the fact that $50,000,000,000 of current annual production "represents strictly war goods—that is, things which when peace comes, we will stop making."

"This gap must be filled in large part by civilian production and services, if we are to keep the needed volume of employment," the report says.

The Associated Press advices, as given in the New York "Sun," also had the following to say:

Publication of the 10,000-word document, constituting in effect a strategy for economic victory on the post-war home front, apparently signalled the beginning of a new era for government, business and workers—an era in which continuing production for war will be meshed increasingly from now on into restored production for peace.

The expressed aim of the program, drawn up by Bernard M. Baruch and John M. Hancock, White House advisers and veterans of industrial mobilization in both world wars, is to avoid economic chaos in the period of readjustment from war to peace and to create instead an adventure in prosperity.

This period, the report makes plain, is already beginning as war

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From Washington Ahead Of The News

By CARLISLE BARGERON

Several of our newspaper editors are quite perplexed over the flare-up by several Senators, notably Senator George, against the so-called Baruch reconversion report. The underlying reason is that they can't see why there had to be a Baruch report, and the fact that there has nevertheless been one, is part of the politics of Washington in which the whole reconversion business is likely to get caught.

Senator George heads up the Senate Post-War Problems Committee. It labored long and laboriously over the formulation of a report. It has been out for several weeks. It has received some study and some editorial comment. Now along comes a virtual rewrite of it labelled the Baruch report and a headline episode is created. You can appreciate the resentment of the Senators. All discussion in the future about reconversion will likely turn on the "Baruch" report.

The plain fact is that there are more reconversion reports or studies or programs around Washington than you can shake a stick at. Indeed, this writer has done one, which is to say that anyone who does a fair amount of reading these days and who is willing to peck on the typewriter long enough can do one. With the exception of that pioneer in post-war programs, the National Resources Planning Board, headed by the President's uncle, Frederic A. Delano, there is a set formula for reconversion reports or reconversion discussions.

We all believe in the private enterprise system, we would think of nothing else. Industry will have a tremendous problem of getting back to the production of peace-time goods, not for the sake of production, or of making money, of course, but to give employment to our returning armed forces and those who have been brought into the war plants. The formula calls for its being kept on a very high idealistic plane. To accomplish this good deed, the Government must dispose of its surplus materials, reasonably and quickly, to private enterprise, particularly small business. We've got to mention small business. The Government's huge war plant, costing about $15 billion, must similarly be disposed of to private enterprise, particularly small business. Terminated contracts must be quickly and adequately compensated so industry will have the money to reconvert. And those industries that have trouble getting financed the Government must finance them.

Mr. Hoover has written a report on this order; Senator Taft wrote one for the Saturday Eve-

(Continued on page 823)

All Things Are Possible, If---

Transition from a war economy to that of peace is not easy; nothing worth-while is. . . .

The frame of our operation shows the gigantic nature of the change-over. It affects every part of our economic life. Nothing comparable ever has been known before.

As one indication of the size of the job, about $50,000,000,000 of the current annual production represents strictly war goods—that is, things, which when peace comes, we will stop making. This gap must be filled in large part by civilian production and services, if we are to keep the needed volume of employment. The demobilization of the armed forces will come gradually.

Their absorption by industry will be aided materially by several factors, the weight of which is not now clear, such as: the giving up of war jobs by many women; the retirement of older workers; the increase of travel and recreation time; the return of many younger workers to school; the resumption of college and professional training by many now in the services or in war industry; the renewal of many professional and service businesses that have stopped during the war; the starting of new enterprises; the business involved in meeting the needs of the world; reduction in the work week; the normal enforcement of child labor laws.

The net increase in employment in industry from 1937 to 1944 is estimated at 7,600,000 people. Considering factors mentioned above, the problem of demobilization, though difficult, is soluble, **if we create the atmosphere in which private initiative and resourcefulness—the traditional American spirit—can again take hold.**—Bernard M. Baruch and John M. Hancock.

The American people must see to it that there is no "if" in this matter.

The State Of Trade

The heavy industries continued to turn in favorable reports last week, though carloadings showed another decline. Retail trade in some quarters showed quite a drop for the week. However, these recessions were more than offset by the favorable reports on steel production, electric output and domestic civil engineering construction.

Production of electricity increased slightly to 4,532,730,000 kilowatt hours in the week ended Feb. 12 from 4,524,134,000 in the preceding week, according to the Edison Electric Institute. This was an increase of 15.1% over the year-ago output of 3,939,708,000 kilowatt hours.

Consolidated Edison Co. of New York reports system output of 219,000,000 kilowatt hours in the week ended Feb. 13, an increase of 30% over the 1943 comparative of 168,500,000.

Carloadings of revenue freight for the week ended Feb. 12 totaled 795,262 cars, according to the Association of American Railroads. This was a decrease of 10,813 cars from the preceding week this year, 29,991 cars more than the corresponding week in 1943 and 12,561 cars above the same period two years ago.

The total was 122.93% of average loadings for the corresponding week of the ten preceding years.

Steel production in the United States is scheduled this week at 97.7% of capacity, equivalent to production of 1,750,000 net tons of ingots and castings, unchanged from last week, according to American Iron & Steel Institute. For the last week of February, 1943, steel production amounted to 1,691,900 net tons.

The steel industry currently is experiencing heavy buying, reminiscent of former peak periods during this war, with backlogs higher than a month ago, "Iron Age" declares.

"Added demand for alloy bars also appears likely to materialize soon as a result of a new ammunition project," the publication said. "Farm equipment manufacturers have placed orders for large tonnages, while maritime and Navy orders remain brisk and include sizable requirements for 1945."

Domestic civil engineering construction volume amounted to $37,043.000 for the week ended Feb. 17, compared with $23.151,000 a week earlier and $98.861.000 for the same week of 1943, "Engineering News-Record" reports.

The week's aggregate brings 1944 volume to $252.235,000, down 47% from $478,422,000 reported in the same period of last year, the engineering construction weekly said.

Thomas S. Holden, President of the F. W. Dodge Corp., expressed belief recently "that the potential construction demand is so great that no artificial stimulation of any sort is required to produce a very healthy revival of construction activity as soon as relaxation of wartime restrictions will permit."

Retail and wholesale trade activity was somewhat slower last week than the previous week, with the weather adversely affecting retail volume, according to Dun & Bradstreet, Inc.

Wholesale trade in general has been more satisfactory than retail, although reports lack uniformity. Where shortages are serious, the volume has fallen behind last year, but where inventories are adequate, as in most apparel lines, gains over last year continue.

Department store sales on a country-wide basis were down 21% for the week ended Feb. 12, compared with the like week a year ago, according to the Federal Reserve System.

Sales for the four-week period ended Feb. 12 were down 1%, compared with the like period last year.

Department store sales in New York City in the week ended Feb. 19 were 1% smaller than in the corresponding week of last year, according to a preliminary estimate issued by the Federal Reserve Bank of New York. In the four weeks ended Feb. 19, sales were 2% less than in the like 1943 period. In the previous week ended Feb. 12, sales of this group of stores were 17% below those of the like period a year ago.

Department store sales in New York City in January were 3% larger than in the corresponding 1943 month, according to the monthly compilation on store sales and stocks released by the Federal Reserve Bank of New York.

Text Of Baruch And Hancock Letter Regarding Report On War And Post-War Adjustment Policies

Includes Recommendations For Taking Government Out Of Business, Which Is Viewed As Major Requirement In Facilitating Peacetime Functioning Of Enterprises—Says Plans Should Be Considered Now With View To Reducing Taxes From War To Peace Levels In Order To Stimulate Post-War Employment Activities—Cites Magnitude of Changeover To Peace Economy

Following is the text of the covering letter by Bernard M. Baruch and John M. Hancock which accompanied their report to James F. Byrnes, Director of the Office of War Mobilization, on war and post-war adjustment policies. A summary of the recommendations appended to the report, which was forwarded to Mr. Byrnes under date of Feb. 18, appears on another page in this issue.

The Hon. James F. Byrnes, Esq.,
Dir., Office of War Mobilization,
The White House,
Washington, D. C.

Dear Mr. Byrnes:

Pursuant to the instructions you gave us to inquire into War and Post-War Adjustment Policies, we submit herewith our report. It is divided into three parts: (1) This letter, which is a rough synopsis of our major suggestions; (2) the report itself; and (3) additions giving a more extensive treatment of three subjects—contract termination, surplus property and tightening the industrial war machine.

Victory is our first and only duty, but just as we prepare for war in time of peace, so we should prepare for peace in time of war. Through preparation we visualize a prosperity, sound and lasting. We see, not merely civilian needs crying to be filled, but a world requiring the things we can supply—an unlimited market for our products.

Our specific assignment was to study the immediate demobilization policies which have to do, necessarily, with the stimulation of the war effort, since victory is the first essential, and with the preparation for peace to follow victory—to win the war and to prepare for peace.

In the development of this theme we find certain considerations to be of first importance. They include:

1. Getting us all back to work in peacetime enterprises. This may require a special authority under the Director of War Mobilization to give its entire attention to the problem of bringing jobs to all workers, with emphasis laid upon the returning service men and service women who are our first concern.

2. Taking the Government out of business by:

(a) Payments for work done and work under way. In connection with this phase of the problem, we have assembled a complete "Financial Kit" that should prove effective. The Government must pay its debts, and pay them quickly and fully, so that business will have its working capital freed for payrolls and purchase of materials.

(b) Theses payments can be made with ample protection to the Government against fraud.

(c) Move out and store war materials from plants so as to make room for equipment and materials for civilian production.

(d) Centralize the control and disposal of surpluses of all types in such a way as to bring them into ready and effective use and insure orderly markets. This too may require a special administrator in the Office of War Mobilization.

3. A general tightening up of the industrial war front so as to finish the bloody business with finality, and thus be ready for peace.

4. Spreading acceptance by war contractors of the "Uniform Contract Article," as recommended by us and approved by you.

5. Place all war agencies under running review to cut them down as their work dwindles; also review of all war industrial controls.

6. Immediate extension of laws governing price control, priorities and requisitioning, all three expiring this year.

7. Early engineering on public works to be ready if needed to fill in the valley of unemployment.

8. Provide credit means for those requiring it during the adjustment period, particularly for the smaller business groups and returning servicemen.

9. Prepare now for future action reducing taxes from war to peacetime levels, thereby providing necessary incentive for initiative and enterprise and stimulating employment.

10. Prepare an Emergency "X" Day Reconversion Plan to be used in the event of a sudden collapse of Germany so as to enable us to go on with our crusade against Japan and at the same time to prevent the dislocation resulting from lack of preparation. This phase of the broader plan is to be worked out by the armed services with the War Production Board.

Transition from a war economy to that of peace is not easy; nothing worth-while is. In our reconversion we shall try, as this country always does, to cure the things that caused us worry and to strengthen the good; to hold to the proven but be ready to test the new. That is progress.

The frame of our operation shows the gigantic nature of the change-over. It affects every part of our economic life. Nothing comparable ever has been known before.

As one indication of the size of the job, about $50,000,000,000 of the current annual production represents strictly war goods—that is, things, which when peace comes, we will stop making. This gap must be filled in large part by civilian production and services, if we are to keep the needed volume of employment. The demobilization of the armed forces will come gradually.

Their absorption by industry will be aided materially by several factors, the weight of which is not now clear, such as: the giving up of war jobs by many women; the retirement of older workers; the increase of travel and recreation time; the return of many younger workers to school; the resumption of college and professional training by many now in the services or in war industry; the renewal of many professional and service businesses that have stopped during the war; the starting of new enterprises; the business involved in meeting the needs of the world; reduction in the work week; the normal enforcement of child labor laws.

The net increase in employment in industry from 1937 to 1944 is estimated at 7,600,000 people. Considering factors mentioned above, the problem of demobilization, though difficult, is soluble, if we create the atmosphere in which private initiative and resourcefulness—the traditional American spirit—can again take hold.

It is an easier task to convert from peace to war than from war to peace. With the coming of war a sort of totalitarianism is asserted. The Government tells each business what it is to contribute to the war program—just what it is to make and where it is to get the stuff out of which to make it. The planning and execution rest upon one over-all purpose and a single control. Patriotism exercises a strong compulsion.

With peace, the opposite becomes true. Each has the right to make what he pleases. Governmental direction and aid disappear. The markets become free and each individual is dependent upon his vision, his courage, his resourcefulness, and his energy.

Everyone has the privilege of building up, but no one has the right to pull down. That is democracy at its best.

In the reconversion and readjustment will come improvements in our standards of life—better houses, better clothes, better food, better safeguards for children, better health protection, and wider educational opportunities. These bring hope for the future instead of fear; they give security instead of unrest.

There is no need for a post-war depression. Handled with competence, our adjustment, after the war is won, should be an adventure in prosperity. Our soldiers will not be let down. They are our chief concern. No pressure groups of self-seekers will take our thoughts from the duty we owe them.

Finally, while the producers should be restrained from excessive profits during the war, the workers as long as hostilities are on should refrain from strikes. No grievance, however just, should be permitted to slow our march to victory.

Sincerely yours,
Bernard M. Baruch,
John M. Hancock.

U. S. War Expenditures

United States war expenditures amounted to $7,416,000,000 in the month of January, an increase of $465,000,000 over December, 1943, or 6.7%, the War Production Board reported on Feb. 17. The Board adds:

"The average daily rate of war expenditures in January was $285,200,000, as compared with $267,300,000 in December, an increase of $17,900,000 per day. The daily rate is based on the 26 days in each month on which checks were cleared by the Treasury.

"From July 1, 1940, through Jan. 31, 1944, the U. S. Government has expended $160,800,000,000 for war purposes. These figures include checks cleared by the Treasury and payable from war appropriations and net outlays of the Reconstruction Finance Corporation and its subsidiaries."

The Financial Situation

(Continued from first page)

by a two-thirds vote further galls many members of the Legislative branch at the same time that it makes a correction of the situation doubly difficult. The President's well-fixed habit of stretching the powers actually granted him to the breaking point, and of actually finding powers in legislation where no one else is able to discern them does not ease the situation. All this, however, if it is not of Congress' own doing, has been able to develop only because of the lack of spine on Capitol Hill. It can be remedied only by Congress, and the sooner it is so remedied, the better for us all. We must, however, add, and members of Congress must never forget, that it will not be remedied by mere obstructionism. The Baruch report at several points gives recognition to the need for legislation if its program is to be given full effect in good faith. If at others it appears to exclude full Congressional participation or to place undue dependence upon the Executive branch, Congress itself can, as its abler members well know, take the situation effectively in hand if it really cares to do so. Its course, must, however, be plainly constructive, and controlled by evident ability—not all too plainly political in its nature and management.

Many Other Problems

But as regards all this it is of the utmost importance that the public never for one moment forget that there are many, many other problems which will face us after this war is over, and that the way we deal with them will affect the economic welfare of the country fully as much and for fully as long as any of those mentioned in the so-called Baruch report. To make this statement is, of course, not to criticize Mr. Baruch or Mr. Hancock, their report, or any of those connected in any way with it. These other problems simply lie outside their terms of reference. It is clear enough that some of these other questions, at least, have not escaped the attention of Mr. Baruch and his associates. The insistence of the report, for example, that the Government carefully refrain from use of either its war plant or its war stocks to compete with private business; its suggestion that sums received in the course of liquidation of war stocks be employed to reduce the national debt; and its suggestions on the subject of taxation, all make it clear enough that the minds of its authors had not been poisoned by the fantastic conceptions and imaginings of some heretofore influential dreamers which touch directly or indirectly upon such subjects as these.

Since such recommendations as these do imply a great deal about the broader aspects of post-war policy, it would be the part of wisdom on the part of the public to keep a particularly close eye upon actions taken, or professedly taken, tô give them effect. Such programs as these sometimes suffer the most from their self-styled friends. The Administration has many members who are fully capable of the Machievellian tactics of pretending to give these recommendations full and prompt effect, when their real purpose is to defeat their intent. Proceeds of sale of surplus property can, for example, be applied to debt reduction at the same time that enormous borrowings for unwarranted purposes adds much more to that debt. Equally evasive tactics could be employed in dealing with the employment of war manufacturing equipment owned by the Government, and in other matters.

The New Deal

But quite apart from all this, many, many alterations in policy and in Administrative procedures and attitudes were urgently needed in 1939, when this war first broke in Europe. As many were still as urgently required when in 1940 we entered upon our greatly enlarged defense program. They were still, for the most part, without serious attention when the Japanese made their infamous attack upon Pearl Harbor at the end of 1941. They still lie unnoticed for the most part today. Various factors at various times have served to obscure their existence, and possibly to lead the unthinking to the easy assumption that they no longer exist, or that they will have lost their blighting effect when the artificial stimulation provided by the war has subsided. All this, however, has served merely to conceal, not remove, these once fully visible and usually well-recognized evils.

We refer, of course, to that maze of enactments, administrative acts and attitudes, ambitious not to say fantastic "programs," and all the rest which constituted, and which today constitutes the New Deal. Until the over-riding compulsions of war arrived, these factors for years on end had been holding business initiative in check and leaving the entire economy without that state of health and that sense of well-being which enables it to proceed as it has in times past proceeded to meet the needs of the public. The impression seems to prevail in some quarters that in respect of such matters we shall start more or less from scratch when the war is over, that the New Deal is definitely and certainly "on the way out" in a very real sense, that even though the President's strong personal appeal succeeds in returning him to the White House, he will have a distinctly hostile Congress confronting him, and hence will be incapable of pursuing his destructive policies of the past.

Work To Be Done

For our part, we find it difficult to follow this reasoning at points. Those who use it seem to forget the mass of legislation now on the statute books which must be repealed or at least greatly modified before the New Deal can be considered ineffective. They appear, too, to overlook the extended authority now in the President's hands, much of which can be removed only by a two-thirds vote in Congress. We should be wise not to overlook this situation for one moment, while insisting that that which is good in the Baruch report be given effect without quibble.

Senator O'Mahoney Urges Industry Speed Plans For Reconversion

Warns End of Hostilities Will Force U. S. to Choose Between Free Enterprise and Totalitarian Regime

Senator Joseph C. O'Mahoney, at a luncheon of the Sales Executives Club of New York, on Feb. 15, asserted that complete victory over both Germany and Japan "is much closer than most of us imagine" and declared that it behooves American industry to speed its plans for reconversion to peacetime output. We quote the foregoing from the New York "Times" of Feb. 16, the account also reporting his further remarks as follows:

"Speaking on the subject of economic freedom in the post-war world, Senator O'Mahoney warned that the end of hostilities will force the United States to make a choice between a capitalistic system of free enterprise and maximum production which guarantees a job to all who seek employment, a totalitarian regime dominated by centralized governmental planning for industry and individuals, and a system of managed economy in which cartels would fix prices and regulate production without government control. The latter two, he added, would destroy the freedom of the individual in this country.

"Senator O'Mahoney said he based his opinions regarding the possible duration of the war on the failure of Japan's navy to prevent penetration of her Pacific island empire by the numerically outnumbered United States Navy, as well as on the expectation that Germany would not be able to withstand the Russian army in the west and the constant American and British bombing of her production centers.

"He regarded it as very significant, he said, that in the recent occupation of the Marshall Islands by United States forces not a single Japanese battleship, cruiser, aircraft carrier or submarine would accept the challenge of battle. 'The tables have been turned since Pearl Harbor,' he declared.

"An interesting fact about the war with Japan, according to the Senator, is that the United States now has floating dry docks in the Pacific built at a cost of $25,000,000 each. Terming this 'a truly new development in naval warfare,' he added that it took 250 men one and a half years to draw the plans for the first floating dry dock equipped with machine shops, cranes and complete facilities for repairing battleships.

"Turning to the peacetime production task facing American industry under a capitalistic system of free enterprise, Senator O'Mahoney warned against thinking that the pent-up demand for consumer goods will be sufficient to enable industry to slip easily into a peacetime economy. Emphasizing the necessity for providing maximum employment, he reminded his listeners that American industry in 1940 produced more in goods and services than it had ever produced before in a single year, including the boom year of 1929, and yet there were 9,000,000 unemployed in the country during that year.

"For the post-war, Senator O'Mahoney urged consideration of the premise that by building up the income of the masses of people they would be enabled to buy the things they want. 'We cannot hope to build a future for a free economy merely upon the sale of the necessities of life,' he added. 'We have to make up our minds that we are going to sell the luxuries of life and make it possible for 130,000,000 people to buy those luxuries.'

"The luncheon was attended by approximately 300 sales executives and guests. Dr. Paul H. Nystrom, President of the group, presided. Senator O'Mahoney was introduced by Paul West, President of the Association of National Advertisers."

Post-War Dangers In Restrictions Of New Enterprises Seen By Arnold

Thurman W. Arnold, Associate Justice of the U. S. Court of Appeals, in an address on Feb. 18, at a luncheon meeting of the Federation of Protestant Welfare Agencies, in New York City, said that post-war attempts to protect obsolete investments will produce an even greater threat to inflation than exists today and asserted that they will also bring about an "international NRA" and a relief problem as great as that of the depression. The New York "Times" of Feb. 19, from which these remarks were taken, gave other comments to Mr. Arnold as follows:

Mr. Arnold attacked those who seek to "protect their dividends against new enterprise." In giving pre-war examples of this practice he singled out the railroads. Their restriction of airplane construction, he asserted, caused us to enter the war with 400 commercial planes and no cargo planes.

"The country that invented the airplane had suppressed its use," he declared, adding that this policy on the part of the railroads "is the kind of thing that has happened in the control of all the technological development of all mechanized industry."

"We have the beginning of a new struggle which will break into conflict when the war is over," the speaker declared, describing this era as being "the struggle of the various aggregations of investment and economic power to maintain a policy of scarcity after the war."

Reminding the 400 welfare workers attending the luncheon that their greatest tasks came with the last depression, he told them that another depression would make their burdens "insuperable."

ABA Savings Division Sponsors Conferences In New York City, Mar. 23 & Cincinnati Mar. 29

A one-day conference on savings banking sponsored by the Savings Division of the American Bankers Association will be held in New York City March 23, it is announced by Fred F. Lawrence, President of the division, who is Treasurer of the Maine Savings Bank, Portland, Maine. A. L. M. Wiggins, President of the American Bankers Association and President of the Bank of Hartsville, Hartsville, S. C., and Dr. Paul F. Cadman, economist for the ABA, will be among the principal speakers who will address the meeting. The morning session of the meeting will be presided over by Mr. Lawrence. H. R. Templeton, Vice-President of the Cleveland Trust Company, Cleveland, who is Vice-President of the Division, will preside over the afternoon session. The afternoon session will be given over to an open forum discussion of such topics as Service Charges and Activity of Savings Accounts, Post-War Home Building and Financing, and The Legal Framework Governing the Investment of Savings. Invitations to attend the conference will be sent to all banks in New England, New York and New Jersey. In previous years, banks in this area have attended an Eastern Regional Savings Conference sponsored by the Association, which has been replaced this year by the forthcoming conference dealing largely with the effects of the war on savings banking and the likely post-war developments in this field. Headquarters for the conference will be the Waldorf-Astoria Hotel.

The Savings Division is also sponsoring a conference on savings banking to be held in Cincinnati, Ohio, on March 29. This conference will also be a one-day meeting, similar in theme and program to the meeting to be held by the Division in New York City on March 23. The theme of both conferences is, "The Importance of Savings in the War and Post War Economy." Banks in Ohio, Kentucky and West Virginia have been invited to attend the Cincinnati conference. The morning session of the Cincinnati conference will be presided over by Mr. Lawrence and the afternoon session will be under the chairmanship of Mr. Templeton. Among the principal speakers at the Cincinnati conference will be Mr. Wiggins and Dr. Harold Stonier, Executive Manager of the ABA. The afternoon session of the conference will be given over to an open formum discussion of questions such as Over-Active Savings Accounts, Encouragement of Savings, and Withdrawals in the Post-War Period. William A. Reckman, President of the Western Bank & Trust Co., Cincinnati, Ohio; Merle E. Robertson, President of the Liberty National Bank & Trust Co., Louisville, Ky., and Dr. Ernest M. Fisher, Director of the ABA's Department of Research in Mortgage and Real Estate Financing, will be leaders of this open forum discussion. The conference will be held at the Gibson Hotel in Cincinnati.

3,750 Strikes In 1943, U. S. Labor Dept. Reports

Preliminary estimates of the Bureau of Labor Statistics, Department of Labor show 3,750 strikes during the calendar year 1943, with 1,900,000 workers involved, and 13,500,000 man-days idle because of strikes, Secretary of Labor Perkins reported on Feb. 9. "The four coal strikes, each of brief duration but involving 400,000 men account for 8,500,000 of these man-days idle or 63% of the total days lost," she said. The announcement from the Labor Department further stated:

"The average man-days lost per worker involved in the non-coal strikes of 1943 was three days as compared with five days in 1942, ten days in 1941 and 15 days in 1939. This indicates an improvement in the handling of these strikes by Government agencies and reflects the active cooperation of many leaders of organized labor throughout the country in assisting the administrative agencies dealing with labor disputes to get the people back to work promptly in case of strike. The number of strikes and the number of workers involved was greater in 1943 than in 1942. National labor leaders and Government officials having any part in labor relations cannot relax their efforts to prevent strikes, to settle strikes and to keep men at work. Any work stoppage in time of war is a hazard to the national program.

"Since 1939 the number of workers in industry where strikes are likely to occur has increased from about 25½ to 30½ million. The actual number of workers involved in strikes rose from 1,170,000 in 1939 to 2,362,000 in 1941, and was 1,900,000 in 1943.

"The amount of time worked in industry has increased more rapidly than the number of persons employed as the country has gone generally on a full six-day week in industry. The ratio of time lost by strikes to available working time was about the same in 1939 and 1941, namely, a little less than ⅓ of 1%, while in 1942 and 1943 the ratio was at 5/100 of 1% (the loss of time in the coal strike being excepted). This reduced ratio was brought about chiefly because workers returned to work promptly when they were requested to do so by their leaders, by the Conciliation Service, or by the War Labor Board pending settlement of their grievances.

"Including the coal stoppages, the ratio of lost time to total available working time was 1/7 of 1%. Including the coal stoppages, the average man-days lost per worker involved in a strike, is increased to seven days as against three days without coal.

"Of the 3,750 strikes listed by the Bureau of Labor Statistics, many were too small or settled too quickly to come to official attention before they were ended. The U. S. Department of Labor had notice in 2,352 strikes in the settlement of which it took an active part. In 1,968 cases a full settlement was brought about with no further action required than that taken by the Conciliator. In 350 strikes further or other action was required, usually a reference to the National Labor Relations Board for action under the National Labor Relations Act, or to the National War Labor Board for settlement of issues, such as wages or maintenance of membership and other items which cannot lawfully be settled by agreement between the parties.

"The preventive work done by the U. S. Department of Labor was a very large part of the contribution to the reduction of the strikes that interfere with the war effort. In addition to the strike cases, about 16,000 industrial disputes were handled by the Department's Conciliation Service during the year and brought to a conclusion without any stoppage of work or lost time. In addition, 3,955 disputes not developing into strikes were certified to the War Labor Board for settlement of some one or more issues after preliminary processing."

The Department supplies the following data for all strikes occurring in the country from 1939 through 1943 which lasted one day (or shift) or longer and involved six or more workers:

		—Workers involved—		—Man-days idle—		
Year—	Number of strikes	Number	Percent of total employed workers	Number	Percent of available working time	Per worker involved in strikes
1939	2,613	1,170,962	4.7	17,812,219	0.28	15.2
1940	2,508	576,988	2.3	6,700,872	.10	11.6
1941	4,288	2,362,620	8.4	23,047,556	.32	9.8
1942	2,968	839,961	2.8	4,182,557	.05	5.0
*1943	3,750	1,900,000	6.2	13,500,000	.14	7.1
*1943 (Excluding the large coal strikes)	3,696	1,500,000	5.0	5,000,000	.05	3.3

*The 1943 figures are preliminary estimates.

Extensive Development of Life Insurance Throughout World Seen in Post-War Period

The early post-war period is expected to see an extensive development of life insurance throughout the world, with the probability of an increased demand for American insurance facilities in many foreign countries it was stated on Jan. 28 by the Institute of Life Insurance. The Institute states, however, that the increased demand for United States insurance from abroad is expected to be predominantly in the fields of reinsurance and marine insurance. In Latin America, the post-war economic progress in prospect suggests that insurance facilities existing there now will not be sufficient to meet the demands. In Europe, it says, the dislocations of pre-war insurance organizations in some of the occupied countries where all companies were replaced by German or German-sponsored companies, are expected to result in a need and demand for British and American insurance facilities. The Institute further says:

"These demands may be felt to some extent in the field of life insurance, it is indicated by reports from abroad. There has been an important growth in life insurance during the war years in most countries, the world over, and the domestic facilities in many countries do not appear large enough to meet the possible post-war needs, especially in view of low policy limits written by many of the foreign companies.

"To meet this situation, several American life insurance companies are now considering the possibilities of entering some foreign countries after the war, both in Latin America and in Europe. There will probably be some such foreign expansion, though its extent is not likely to be of large proportions because of the handicaps existing in many countries for American company operations. In Latin America especially, the restrictions in many of the countries are such that United States companies cannot meet their own state legal requirements if they endeavor to meet those of countries in question. These nationalistic restrictions, having to do in large part with the investment of policyholders' reserves, may be eased if the post-war period sees a tendency towards international cooperation in contrast with pre-war nationalism, but the general belief is that any such post-war tendency would only affect new legislation and would not change the restrictions already on the books.

"On the other hand, certain other handicaps to foreign underwriting by American companies are expected to be eased after the war. Exchange difficulties and war disruptions have been among the most troublesome factors in a foreign business. Some insurance executives believe that the peace treaty will include a plan for international exchange stabilization and that out of this war will emerge an effective organization for maintaining world peace.

"There is no evidence of interest in a foreign business, however, on the part of the life insurance companies which had an extensive European business before the last war. They may be called on to serve overseas employees of United States policyholders, if any extensive world trade develops after the war, but they are not at present interested in actively engaging in business in foreign countries when the war ends.

ABA Expects Tokens To Cut Ration Stamps In Circulation By 60%

The Ration Token Program which goes into effect Feb. 27 is expected to reduce the number of ration stamps in circulation by 60% and within a short time will eliminate entirely the need for bank verification of the coupon content of envelopes, according to a bulletin issued by the Ration Banking Committee of the American Bankers Association. The bulletin, which is now being sent to banks throughout the country, states that "it is estimated that under the Token Program the number of ration stamps will be reduced by approximately 60%. All stamps in the two programs affected—Meats and Fats, and Processed Foods—will be of one denomination only. Validity dates of stamps will cover much longer periods than heretofore and the burdensome and unsatisfactory verification of envelopes by banks will be entirely eliminated within a short time."

The bulletin points out that although considerable work will be involved in the initial distribution of the tokens and some confusion may result, "the Committee believes that after a few weeks of trial and adjustment the improvement in ration banking operations will be well worth the extra effort employed during the transition period." "After the initial distribution," says the bulletin, "it is expected that the tokens will circulate primarily between merchants and consumers and no appreciable volume will flow through the banks. It should be kept in mind that the adoption of the Token Program is only one phase in the simplification of the entire Ration Banking Plan and the net result will be less work for the banks."

It is indicated in the bulletin that the Ration Banking Committee is now working on recommendations to the Office of Price Administration for readjustment of the reimbursement schedule for banks to include the new factors resulting from the adoption of the Token Plan. "It is expected that the announcement of the new schedule will be made in April. Charges established for the handling of tokens will be retroactive to the start of the Token Program," the bulletin says.

In stating that no new printed forms for use by banks will be required by the Token Program, and new containers will be provided for the tokens by the OPA, the bulletin says:

"The American Bankers Association Committee does not believe that it is necessary for a bank to order additional printed forms for use in the Token Program. The Ration Token Control Sheet is a simple form for which any columnar sheet will suffice.

"The first boxes manufactured as containers for the tokens have proved unsatisfactory and the Office of Price Administration has arranged to provide immediately a box of a sturdier construction and more compact design. The new boxes will be narrower and will have but a slight space at the end of each row of tokens whereas the first boxes have a wide margin of play in each row.

"It should be kept in mind that banks are not authorized to handle loose tokens and they should insist that all transactions in tokens be in units of 250, packed in the standard boxes. Banks are urged to provide safe custody for the tokens in their possession. They should be treated in the same manner as cash and given equal care and supervisory attention."

Bill To Place Insurance Rates Under State Control Backed By New Jersey Commissioner

Says Measure Would Prevent "Chaos" In Event Supreme Court Held That Insurance Is Commerce

Commissioner Eugene E. Agger of the New Jersey Department of Banking and Insurance declared on Feb. 10 his approval of a bill offered for introduction in the State legislature, which would require that virtually all insurance rates charged by companies operating in the State be approved as "reasonable and adequate" by Mr. Agger's department. Mr. Agger, according to an Associated Press dispatch from Trenton, stated that the pending legislative measure, sponsored by State Senator Charles K. Barton, Republican of Passaic, is intended to prevent a "chaotic condition" which he asserted might develop in New Jersey should the United States Supreme Court rule that insurance is commerce. The dispatch went on to say as follows:

New Jersey at present exerts no control over insurance rates, except those charged for workmen's compensation and employers' liability. In New Jersey and most other States combinations of insurance companies for the purpose of fixing rates are permitted.

But, said Dr. Agger, if the U. S. Supreme Court in a pending case reserves a long line of previous Supreme Court decision and decides that insurance is commerce the system prevailing in most States will be in conflict with the Sherman anti-trust act.

Dr. Agger said it was believed that in States which fixed or approved insurance rates, but permitted certain variations on the basis of operating economies or other factors, there would be no such conflict.

If the Supreme Court held that insurance was commerce and there was no State or Federal regulation of rates in effect at the time the resulting open competition might be "against the public interest," he said.

The work of the State Department of Banking and Insurance would be greatly increased if the Barton bill was enacted, Dr. Agger asserted, as all rates and changes of rates would be under constant study.

Rate decisions of the commissioner would be appealable to the State Supreme Court.

Earnings, Employment, Payrolls At New Peak In Dec. In Mfg. Industries Conference Bd. Reports

Hourly and weekly earnings, employment and payrolls again rose to new peaks in December, according to the regular monthly survey of 25 manufacturing industries by The National Industrial Conference Board. The Board, in its announcement made public on Feb. 23, also says:

"The Board's figures, however, show small declines in the length of the work week, total man hours worked, and "real" weekly earnings.

"Average hourly earnings, at $1.046 in December, were 0.5% higher than in the previous month, 7.8% higher than in December, 1942, 37.8% above January, 1941, the base date of the Little Steel formula, and 77.3% higher than the 1929 average.

"Weekly earnings averaged $47.59 in December, against $47.58 (revised) in November. The December figure exceeds that of December, 1942, by 10.7%, that of January, 1941, by 55.5%, and the average for the year 1929 by 66.7%.

"Real weekly earnings, or dollar weekly earnings adjusted for changes in living costs, declined 0.4% in December, but in that month stood 7.6% above December, 1942, 28.7% higher than in January, 1941, and 60.5% higher than the 1929 average.

"The work week averaged 45.3 hours in December against 45.5 in November. The December figure was 1.1 hours, or 2.5% above the corresponding month of 1942, but was three hours, or 6.2%, below the 1929 average.

"Employment in these 25 manufacturing industries rose 0.2% in December and stood 3.4% above December, 1942. The gain since 1929 was 48.6%. Man hours worked in December were 0.3% below those of November, but 6.0% above December, 1942, and 39.3% above the 1929 average. Payrolls in December were 0.2% larger than in November, 14.5% larger than in December, 1942, and 147.6% above the 1929 level."

NAM Issues 1944 Edition Of "Understanding Your Income Tax"

Detailed instructions for figuring correctly such items as the Victory tax credit and the unforgiven part of the 1942 income taxes, which will have to be paid March 15, are contained in the 1944 edition of "Understanding Your Income Tax," published on Feb. 15 by the National Association of Manufacturers.

Designed primarily for Association members to distribute to plant personnel, this booklet attempts to simplify and uncomplicate for the average taxpayer the most complicated income tax form in history.

The fellow named Joe," popularized in the 1943 edition of the tax booklet, resumes his step-by-step journey through this year's maze of questions to find out whether he has to pay some more money or whether he has a refund coming.

The back cover of the booklet is devoted to income tax information concerning those in the armed forces.

The 1943 edition of "Understanding Your Income Tax" again will be available in bulk at a cost of $4 per hundred by writing George Douglas, Director, Government Finance Department, National Association of Manufacturers, 14 West 49th Street, New York 20, N. Y.

Heimann Asks Support For Legislation Creating Federal Tax Commission

Commenting on the complicated Federal tax form required to be filled out between now and March 15, and referring to the fact that "its intricacy is due to the Topsy-like growth of our tax legislation," Henry H. Heimann, Executive Manager-on-leave of the National Association of Credit Men, in his Monthly Business Review Feb. 15 points out that this nation has never had a direct scientific tax bill, but that it now has a prospect of at least making a start towards some basic information on the matter of Federal taxation. He notes that "there is introduced in Congress a joint resolution (H. J. Res. 211) which, if it becomes law, will establish a Federal Tax Commission." This resolution, he says, provides that such a commission shall be composed of 15 members, 4 of whom are to be members of the Committee on Finance of the Senate, two from the majority and two from the minority party; four members from the Committee on Ways and Means of the House of Representatives, two from the majority and two from the minority party; and seven members (none of whom holds any office in the government of the United States or is engaged in the activities of any political party) to be chosen by the Chairman of the Joint Congressional Committee on Internal Revenue Taxation, one to represent each of the following groups: labor, business, agriculture, individual taxpayers, tax accountants, tax lawyers and tax economists. Members are to serve without compensation but funds are provided for adequate hearings, clerical forces, secretaries, etc. The objective is to labor and bring forth a real simplified equitable scientific tax bill.

"As has been frequently stated," says Mr. Heiman, "such a tax bill has been a crying need for years. You will do your country a real service if you write your Representatives and Senators urging the passage of this resolution, and I am sure you will resolve to do so before you have read two paragraphs of the jig-saw puzzle you must construct before March 15."

Mr. Heimann devotes a part of his Monthly Business Review to the increasing number of exchange charges being made by smaller state banks for the collection of checks. "Bank checks constitute the principal currency of our country," Mr. Heimann points out. "In fact, the ratio of bank checks in use to actual currency is better than ten to one." In part he added:

"You wouldn't like to hand a man to whom you owed a dollar a dollar bill and have him tell you he could only credit your account with 99c. You would indignantly ask him what was wrong with the money of this country. But bank checks constituted our principal money and if a credit man or anyone else accepts a check in payment of a bill, he feels he has the right to assume he will receive the amount of money or credit called for on the face of the check. . . . Some banks in certain sections of our country have developed the practice of charging an exchange charge for the payment of checks drawn by their customers on the account their customer keeps in their bank. They do not make the charge against their customer. Instead, the charge is made against the creditor to whom their customer has sent his check or if not to the creditor against the creditor's bank who has forwarded it for collection.

"Now this organization and every right thinking individual wants a sound banking system but there is no justification nor need for discounting the nation's currency to attain a sound banking system. If these banks who make exchange charges need more revenue, then they should increase their service charges to the depositors they service or what is to be more desired, increase their local loans or make other sound investments. If they increase their service charges they will be competing for their customers' patronage and unreasonable service charges will be disposed of through loss of business. It is just as sound for the Treasury Department to tell a person that because it may cost the Treasury a penny, for example, to print a dollar bill the dollar bill will only be redeemable at 99c. . . .

"The whole principle of charging exchange on checks is bad. It tends to destroy the function of our national currency 'bank checks.' This organization and its members will continue to fight and protest this form of taxation. We urge our members to stand firm in their insistence that checks they receive clear at par. Tell your customer to take back his check that he sent to you and which his own banker intended to discount, and ask your customer to have his banker tell him why there is a difference of his account. If this practice of exchange charges continues to grow you can readily see where it will lead."

Rollins Asks Dismissal of SEC Charge— Denies Excessive Profits On Church Funds

Dismissal of the proceedings instituted by the Securities and Exchange Commission a year ago against E. H. Rollins and Sons, Inc., New York, and the firm's St. Louis office manager, Walter Cecil Rawls, was asked by counsel for both respondents at oral argument before the Commission Feb. 2. A special dispatch from Philadelphia to the New York "Herald Tribune" had the following:

The proceedings are for the purpose of determining whether the licenses and registrations of the company and Mr. Rawls as brokers and dealers should be suspended or revoked. They are the result of allegations made by the Commission's staff, after an investigation, that the firm and its St. Louis manager violated provisions of the Securities Exchange Act of 1934 in transactions between Mr. Rawls and the Board of Missions of the then Methodist Episcopal Church, South. The staff charged that "excessive profits" were made by the Rollins company.

Points to Record of Firm

John T. Cahill, counsel for Rollins, called the Commission's attention to the 70-year record of the firm, and its position in the field of underwriting and trading in securities, with 24 offices scattered throughout the country. Only one of these, the St. Louis sub-office, is involved in the proceedings, he said, and the account of but one customer, the Board of Missions, is under scrutiny.

Mr. Cahill pointed out that under the former decentralized method of operations of the Rollins Company, the principal officers in the New York office had no detailed knowledge of the Board of Missions transaction with Rawls, the actual accounts being kept in the Chicago office.

"None of the other offices had any knowledge of the details of the questioned transactions until the hearings," Mr. Cahill said.

Disputing the contentions of the SEC staff that Rollins made "excessive profits" out of their transactions with the Board of Missions, Mr. Cahill referred the Commission to the company's exhibit No. 11, which purported to show that during the four-year period involved, Rollins' profits, after deducting losses, on both sales and purchases, aggregated $387,734.39, and that the average profit for each $1,000 transaction was 2 2/5 points.

Change in Methods

Counsel for Rollins also pointed out that subsequent to the hearings, which were conducted in Chicago, the entire Rollins organization voluntarily adopted a comprehensive program of changes in its methods of operations.

"This program constitutes as complete a protection to customers of the firm in the future as ingenuity and sound judgment can devise," he said. "This Commission can take notice of the fact that the business in which Rollins is engaged rests upon the confidence of the public and its customers in particular. The imposition of any penalty on the firm would have a shattering effect upon the firm's relations with its customers, and, as a practical matter would destroy this old and large organization."

Oliver T. Remmers, counsel for Rawls, also asked for dismissal of the charges against his client.

Abe L. Hoffman, counsel for the Trading and Exchange Division of the Commission, charged in his argument that the New York officers of the Rollins firm were conversant with all the transactions effected by Rawls with the woman's work fund of the Board of Missions. This fund, he said, at the end of 1942 showed a paper loss of approximately $250,000, while the profits to the Rollins firm over the 1940-43 period totaled approximately $383,000.

Flanders To Succeed Paddock As Head Of Boston Reserve Bank

William W. Paddock, President of the Federal Reserve Bank of Boston, will resign his post on May 1, according to announcement Feb. 14 by Albert M. Creighton, Chairman of the Board. Mr. Paddock will be succeeded by Ralph E. Flanders, whose appointment has been approved by the Board of Governors of the Federal Reserve System in Washington.

In the Boston "Herald" of Feb. 15 it was noted that Mr. Paddock has served the Federal Reserve System in various capacities since 1918. The "Herald" also states:

Following a brief period as Chief of the Division of Examination of the Federal Reserve Bank of Philadelphia, he joined the staff of the Federal Reserve Board in Washington and on Sept. 1, 1919, became Chief of the Division of Operations and Examination. He entered the service of the Federal Reserve Bank of Boston on Oct. 1, 1920, as Deputy Governor and on March 1, 1936, was appointed First Vice-President. He succeeded Roy A. Young as President April 1, 1942.

Mr. Flanders, a native of Barnet, Vt., has been President of the Jones & Lamson Machine Co., of Springfield, Vt., since 1933. He is a member of the business advisory council of the U. S. Department of Commerce, the Economic Stabilization Board and chairman of the research committee of the Committee for Economic Development. He is a trustee of Norwich University, life member of the Corporation of Massachusetts Institute of Technology and served as President of the New England Council in 1941 and 1942.

Roosevelt And Churchill On War Situation In Italy

While President Roosevelt was reported on Feb. 11 to have expressed the view that the situation we confronted in the Italian campaign was tense, Prime Minister Winston Churchill on Feb. 12 was indicated as stating that there was no justification for pessimism about the battle in the Anzio-Nettuno beachhead and that the Allied commanders had expressed their confidence to him that the battle for Rome would be won. A cablegram from London Feb. 12 to the New York "Herald Tribune," in reporting the Prime Minister's views, as contained in the preceding sentence, gave the text of Mr. Churchill's statement, issued from No. 10 Downing Street, as follows:

"The Prime Minister has received reports from General Wilson and General Alexander in which both commanders express their confidence that the great battle now proceeding for the capture of Rome will be won.

"In the bridgehead itself the Allies have a very strong army and superiority in both artillery and tanks. Although spells of bad weather interrupt from time to time the deliveries of supplies, the amount landed in the bridgehead substantially exceeds the schedule prescribed before the operation was begun, owing to the reserves which have been built up in fair weather.

"All battles are anxious as they approach the climax, but there is no justification for pessimism, according to the latest reports from responsible authorities."

The advices from Washington in the matter Feb. 11, as given in the New York "Times," said in part:

"President Roosevelt met with the American Chiefs of Staff at noon today, shortly after he had told his news conference that we confronted a tense situation in the Italian campaign.

"Those who met with the Chief Executive were Gen. George C. Marshall, Army Chief of Staff; Admiral Ernest J. King, Chief of Naval Operations; Admiral William D. Leahy, the President's personal Chief of Staff, and Gen. Henry H. Arnold, Chief of the Army Air Forces.

"There was no announcement regarding the purpose of the conference, but the range of speculation was from urgent discussion of the Italian situation to the possibility that the invasion of western Europe had been the topic.

"The President volunteered no information at his press conference regarding the Italian campaign, but in reply to a question he said it was a very tense situation with heavy fighting.

"But we should realize, he said, that we still have, on the whole, control of the seas, subject to bombing attacks, and control of the air. On both accounts, he added, we are praying for good weather, which seems to be an important factor.

"The only volunteered information from the President related to the final conquest of the Huon peninsula in New Guinea, which he called the most important news of the day. It was terribly rough country, he said, and it took a long time, but it meant that a corner of New Guinea was now clear."

National Labor-Management Exposition Incident To Campaign To Increase 1944 War Output

The intensive campaign to increase production of war material by 25% before the end of 1944 will be given impetus by a national Labor-Management Exposition to be held in the Department of Commerce Auditorium in Washington, D. C., Feb. 28 to March 11, the War Production Drive Headquarters announced on Feb. 4. This exposition, it is stated, will be a tribute to the American war workers who, working through Labor-Management Committees have been responsible for saving millions of man hours and greatly accelerating war production. It is added that outstanding examples of the ingenuity of American workers, who are making thousands of suggestions to help production will be shown at the Exposition. These include new gadgets, labor-saving devices and safety ideas.

"Today in almost 4,000 war plants, Labor-Management Committees, set up by WPB, are solving problems of absenteeism turnover and labor utilization," according to T. K. Quinn, Director General of the War Production Drive. He further said:

"If we are to increase production by 25%, the number of committees must be stepped up to 6,000. These committees are designed to speed up production, to bring about team work between labor and management, and to act as a clearing house for thousands of suggestions originating with war workers."

The exhibition will have two groups of exhibitors. WPB and other Government departments will shop their part in the campaign to increase production, and several score corporations will demonstrate what their Labor-Management Committees are accomplishing. The Exposition, the first of its kind held during the war, will be sponsored by WPB with the cooperation of the U. S. Department of Commerce.

All space, it is announced, has already been taken. About 60 companies are now at work setting up blue prints for their exhibits. These companies have more than 200 Labor-Management Committees composed of representatives of management and of various unions—AFL, CIO independent, employees associations—as well as non-union workers.

George Cobean Heads U. S. Paper Exporters

The United States Paper Exporters Council, Inc., at its Annual Meeting held on Feb. 17 at the Waldorf-Astoria Hotel in New York elected George G. Cobean, President of Bulkley Dunton Paper Co. (S. A.) to lead the Exporters organization for the coming year. Mr. Cobean, who has had a lifetime of experience in the paper export trade, expressed confidence in the ability of the well-established and experienced American paper exporter, supported by forward-looking paper mills, to maintain and enlarge the position of American-made papers in the foreign markets. He emphasized the need for definite planning now by the industry to permanently establish the United States as a real factor among the paper-exporting nations of the world.

Eli de Vries, President of Parsons & Whittemore, Inc., retiring President of the Council, in a report on his stewardship, stressed the post-war future of paper exporters and the representative status which this Council has attained. He also stated that many of the war agencies have become increasingly aware of the essentiality of paper export in furtherance of the war effort.

The Council also elected Frank W. Smith, Vice-President of National Paper & Type Co., as its Vice-President, and Fred C. Strype, President of Fred C. Strype, Inc., as its Secretary-Treasurer. The new Board of Directors, in addition to the foregoing, includes Adalbert Greiner, President of China American Paper & Pulp Co., and Elwin Walker, Treasurer of Walker Goulard Plehn Co., Inc. Javits & Javits, 165 Broadway, continue as legal advisers for the Council.

Labor Department Reports On Factory Workers' Hours And Earnings In November

Factory workers put in 2,500,000 more man-hours per week in November than in October, bringing total manufacturing man-hours up to 636,000,000, Secretary of Labor Frances Perkins reported on Jan. 23. The average number of hours worked per man per week in November was 45.5 for all manufacturing, indicating a scheduled work-week of 48 hours. Secretary Perkins further stated:

"Four of the nine durable groups reported fewer manufacturing hours in November than in October. In each case the drop in total hours reflected a shorter work-week and occurred in spite of an increase in employment. The declines of 431,000 hours per week in the automobile group and of 383,000 hours in the lumber group reflect the observance of the Thanksgiving Day holiday. (Many firms in the automobile and lumber groups report data for a whole month rather than for the week ending nearest the 15th. Reports from these firms would therefore include the Thanksgiving holiday). The furniture and stone groups each reported approximately 40,000 fewer hours in the mid-week of November than in October.

"Only two of the non-durable groups reported fewer manufacturing hours in November than in October. The decline of 748,000 hours per week in the chemicals group was due to a cut-back in employment coupled with a shorter work-week, while the decline of 51,000 hours in the petroleum group was due entirely to a shorter work-week.

"Average weekly earnings in November amounted to $45.27. The earnings in the durable-goods group, where most of the war production is concentrated, amounted to $51.68, while the earnings in the non-durable group averaged $35.65 a week. Such civilian goods groups as textiles, apparel, leather, and tobacco are still averaging $30 a week or less.

"Average hourly earnings for all manufacturing increased from 98.9 cents to 99.5 cents, which is almost 10% above November, 1942. These earnings figures include the payment of overtime premiums and shift differentials. Adjusting to eliminate the effect of the overtime premium payments, the average hourly earnings for all manufacturing amounted to 92.2 cents. This compares with a straight-time hourly earnings figure of 84.8 cents in November of last year and of 74.5 cents in November, 1941.

"The average hours per week in anthracite and bituminous coal mining declined to 25.5 and 28.6, respectively, because of strikes during November. The increase in pay of 32.2 cents a day to anthracite miners resulted in a 3.8% increase in average hourly earnings in the anthracite industry. Average hourly earnings in bituminous coal mining declined between October and November, in spite of the decision to pay these miners portal-to-portal pay. Some bituminous coal mining firms reported that because of the bookkeeping involved, November wages were being paid on the old basis and supplementary payments would be made later."

Tax Court Denies Treasury Claim That Bonds Of Port Of New York Authority Are Taxable

Triborough Bridge Bonds Also Exempt

The Tax Court of the United States declined on Jan. 28 to support the Treasury's contention that interest from bonds of such public enterprises as the Port of New York Authority and the Triborough Bridge Authority of New York should be taxable, citing in its conclusion the need to encourage facilities for both motor and air travel. At the same time the Court declined in the two long-pending test actions to rule whether there is any Constitutional bar to taxing the income from some $20,000,000,000 of State and local Government bonds. We quote from Associated Press advices from Washington, Jan. 28, which went on to say:

"Specifically the Tax Court held that both the Port and the Triborough Bridge Authorities are political subdivisions and as such are entitled to the exemption provided in present income-tax laws for their securities. Five members of the 16-Judge Court dissented and one did not participate.

"The majority opinion pointed to 'the great "motor age" of the last quarter century,' asserting that it called for the development of great highway and parkway systems through combined efforts of Federal and local Governments.

" 'The future,' the decision said, 'may see an even greater need for the creation of local facilities adapted to the necessities of air transportation. It is hard to conceive that a statute tending to encourage and assist in the contribution of public improvements by debt-burdened localities should have been intended to stop short merely because the method selected for financing such accommodations to current needs is the issuance of obligations secured by facility revenues, as opposed to the levy of special assessments upon benefited properties.'

"The Treasury, following through on long-standing Administration efforts to wipe out the tax exemption of all Government securities, said it would appeal the decisions to the Circuit Court of Appeals. Whatever the decision is there, it was assumed that the loser would appeal to the Supreme Court.

"The Treasury Department weathered a similar Tax Court rebuff in its campaign several years ago to tax the salaries of State and local Government officials and has obtained legislation since removing all tax exemption features of Federal securities now being issued.

"The fight over State and local Government bonds has been bitter. Opposed to the Treasury's contention that income from the securities should be taxable has been the argument that to remove tax exemption would place a burden on States, cities and towns by impairing the marketability of their bonds and forcing them to carry a higher interest rate."

Action to test the right of the Federal Government to tax income from State and municipal securities, was brought several years ago in the case of the Port of New York Authority and an item bearing thereon appeared in our issue of March 22, 1941, page 1842. The Port Authority is owned jointly by the States of New York and New Jersey and operates several bridges and tunnels linking New York City and New Jersey. The Bridge Authority operates the Triborough Bridge of New York City, said the Associated Press.

The issuance of the following statement by Frank C. Ferguson, Chairman of the Port of New York Authority, on Jan. 28, regarding the Tax Court's decision. was noted in the New York "Times."

"The Tax Court upholds our long-standing contention that our bonds are on the same plane as the direct obligations of the States and cities, a position which has been maintained by the Port Authority from the time of its first bond issue almost 20 years ago. At that time our position was supported in an opinion written by the Hon. Charles Evans Hughes. It has been consistently supported by our counsel ever since. It has been accepted as one of the attributes of Port bonds in the market, and is now, despite the Treasury's attack, upheld by the Tax Court of the United States.

"The Port Authority participated in the organization of the Conference on State Defense, which over the past five years has successfully maintained the position of the States and cities on this fundamental issue in the Congress of the United States. The Congress consistently supported the State and municipal position culminating in September, 1942, with the defeat in the Senate of the Treasury's efforts to tax local bonds. The local governments have always pointed out that Federal taxation of their financing simply means an increase in local real estate taxation.

"In the light of the respect with which decisions of the U. S. Tax Court are treated by the Supreme Court of the United States, we trust that this decision will mark an end to efforts to interfere with the fiscal affairs of the States and cities. The municipalities should now be able to go forward with their plans for post-war development without the fear of Federal interference with local financing."

Lodge Resigns From Senate To Serve With Army Overseas

Sinclair Weeks, Treasurer of the Republican National Committee, was sworn in on Feb. 15 as United States Senator from Massachusetts, succeeding Henry Cabot Lodge, Jr., who recently resigned from the Senate to return to active service as an army officer. Mr. Weeks was accompanied to the front of the Senate for the ceremonies by Senator Walsh, Senior Senator from Massachusetts.

Mr. Weeks, a resident of Newton, Mass., was appointed to the Senatorship by Gov. Leverett Saltonstall on Feb. 8 during brief State House ceremonies. The Governor then announced his own candidacy for the Senate seat in the November election. Senator Lodge (Republican), a Major in the Army Reserve Corp., resigned from the Senate on Feb. 4; in his letter of withdrawal he stated "that with the United States entering the period of large scale ground fighting, he reached the conclusion that in view of his age (41 years) and military training, I must henceforth serve my country as a combat soldier in the Army overseas." In Associated Press advices from Boston on Feb. 4 it was stated, Mr. Lodge, namesake and grandson of a famous United States Senator, first was elected to the Senate on Nov. 3, 1936, and was re-elected for another six-year term in 1942. He served earlier in this war with an American tank detachment in Libya.

Senator Walsh, Democrat, his colleague, expressed regret that Mr. Lodge was leaving the Senate, and the minority leader, Senator White of Maine, said that his retirement would be "a distinct loss to the Senate and to the people of his State."

Mr. Lodge's resignation came after a ruling by President Roosevelt that members of Congress may not serve simultaneously in the armed forces and the National Assembly. His term expires in 1949. Mr. Saltonstall's term as Governor expires this year.

Nelson Says Small Business Must Be Given First Opportunity To Reconvert

Donald M. Nelson, Chairman of the War Production Board, said on Feb. 12 that small business must be given the first opportunity to reconvert to peace-time production in the post-war period, asserting that he believed that small business should be given top priority when surplus materials over and above the stockpile needed for war are released.

"The most important single thing we face is the future and fortune of small business in America," Mr. Nelson said in an address at the concluding session of a three-day meeting in Washington, D. C., of the 14 regional directors of the Smaller War Plants Corporation. "Small business is more important to this nation today than ever before in the history of our country."

Mr. Nelson said that, in his opinion, small business does not want, or need, a WPA organization. All small businessmen want is an opportunity to use their own initiative and ingenuity, he continued. The WPB chairman praised the leadership of Maury Maverick, as director of the SWPC and warned the regional directors of the serious nature of the problems confronting them. "You have had many heartaches and the job ahead is a difficult one," he said.

Representative Wright Patman promised the regional directors 100% cooperation from the House Small Business Committee. He told them the organization was in the hands of a "good, courageous, hard-hitting man" who is "one of the best administrators in the country today."

Senator James E. Murray congratulated Mr. Maverick on "the opportunity you have to be of real service to the country as a whole. Only small, independent business is genuinely competitive," he continued, assuring the regional directors of the fullest cooperation of the Senate Small Business Committee. "I admire the vigorous way you have taken hold of your job," he said. "Small business must be preserved if we are to have free enterprise."

Closing the session, Mr. Maverick, promised that SMWC under his direction would be conducted as a strictly non-political organization. "We are not going to sell out to anyone," he said. "We are carrying out a vital program which must transcend all political lines. We are happy to have heard the co-founders of the SWPC and its executive head. Only with their active cooperation can we carry our fight to its ultimate conclusion."

Would Exempt Issuers Of Mining And Oil Securities From Provisions Of Securities Act

Congressman Maurice J. Sullivan of Nevada, former Lieutenant-Governor of that State, last December introduced in the House a bill (H. R. 3764) to amend the Securities Act of 1933. The amendment is designed to exempt mining and oil development and securities from the supervision and licensing authority of the Securities and Exchange Commission.

Congressman Sullivan, according to the "California Mining Journal," made the following statement as to the desirability of the proposed amendment:

"We hear a lot about 'free enterprise' nowadays, but under the existing law there is no such freedom. The prospector who has developed the West must either sell to concentrated capital in the East on its own terms, or go unrewarded through inability to incorporate and sell shares of stock, inasmuch as administrative red tape surrounding the issue of permits is prohibitive.

Supervision No Protection

"The theory of the existing Act is that mining and oil development can be made a 'sure thing' and investors can be protected by supervision. The theory is fallacious because one man can see no farther into the ground than another. Mining and mining-stock buying is and always has been a gamble. There are and always have been men willing to risk a small amount on the prospect of a ten-fold return. It is this tendency that has developed not alone mines and oil wells but all our major industries.

"When our Government undertakes to protect against loss and guarantee success to every citizen, the pioneer spirit of this nation will die and progress will cease. Oppressive visitatorial powers by Government are no less odious and destructive than private monopoly. Restraint of free enterprise is no better than unreasonable restraint of trade and commerce. The existing law has been tried and cries loudly for amendment."

The full text of the bill, introduced on Dec. 1, 1943, which was referred to the Committee on Interstate and Foreign Commerce, follows:

H. R. 3764—A Bill to amend section (3) (a) of the Securities Act of 1933, as amended, relating to exempted securities.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section (3) (a) of the Securities Act of 1933, as amended, is amended by striking out the period at the end of paragraph (11) and inserting in lieu thereof a semicolon, and by adding after such paragraph (11) the following new paragraph:

"(12) Any security issued by any person engaged primarily in the mining or production of metallic or non-metallic minerals or mineral substances, including petroleum and natural gas."

Jan. Cotton Consumption

The Census Bureau at Washington on Feb. 15 issued its report showing cotton consumed in the United States, cotton on hand, and active cotton spindles for the month of January.

In the month of January, 1944, cotton consumed amounted to 819,489 bales of lint and 99,117 bales of linters as compared with 852,016 bales of lint and 107,559 bales of linters in December, 1943, and with 916,785 bales of lint and 110,772 bales of linters in January, 1943.

In the six months ending with Jan. 31, cotton consumption was 5,090,896 bales of lint and 652,868 bales of linters, against 5,623,308 bales of lint and 686,234 bales of linters in the same six months a year ago.

There were 2,377,580 bales of lint and 466,078 bales of linters on hand in consuming establishments on Jan. 31, 1944, which compares with 2,400,170 bales of lint and 457,919 bales of linters on Dec. 31, 1943, and with 2,495,764 bales of lint and 506,439 bales of linters on Jan. 31, 1943.

On hand in public storage and at compresses on Jan. 31, 1944, there were 12,120,142 bales of lint and 82,227 bales of linters, which compares with 12,649,909 bales of lint and 60,879 bales of linters on Dec. 31, 1943, and with 13,069,529 bales of lint and 90,878 bales of linters on Jan. 31, 1943.

There were 22,217,994 cotton spindles active during January, 1943, which compares with 22,596,322 active cotton spindles during December, 1943, and with 22,935,012 active cotton spindles during January, 1943.

President Vetoes Bill Banning Subsidies; Veto Is Sustained By House

President Roosevelt vetoed on Feb. 18 the anti-subsidy bill, declaring it to be "an inflation measure, a high-cost-of-living measure, a food shortage measure." Following the action of the President, the House on the same day sustained the veto by a vote of 226 to 151—that vote falling short by 26 votes of the necessary two-thirds majority required to pass the bill over the veto. It was noted in the Associated Press accounts from Washington Feb. 18 that Republicans voted preponderantly to override the President and were joined by a substantial number of Democrats from farming areas. The action of the House, it was added, obviated the necessity of the Senate's voting on the veto.

The Associated Press likewise said:

The subsidy repealer was attached as a rider to a bill extending the life of the Commodity Credit Corporation, which expired yesterday. Speaker Rayburn said the Corporation would be continued by new legislation.

The legislation vetoed by the President proposed to end Government subsidy payments for food after June 30. In addition, it would extend the life of the Commodity Credit Corporation until June 30, 1945.

Mr. Roosevelt said that it, in effect, would reverse a Congressional policy and repeal the economic stabilization act.

He said no major warring nation had been able to stabilize living costs without subsidies and that he did not see how the wage line could be held if the bill became law.

Once that line breaks, he asserted, food costs will rise still further and all other costs will go up, including those of munitions and supplies for the armed forces.

Reference to the Congressional action on the bill is given further below. We give herewith the President's veto message:

To the House of Representatives:

I received yesterday afternoon, Feb. 17, 1944, HR 3477 (S 1458)—a bill which extends the life of the Commodity Credit Corporation until June 30, 1945, but which by its restrictive provisions would compel an increase in the cost of food and cost of living to the people of the United States.

I promptly return the bill, without my signature, and urgently recommend that the Congress take action as soon as possible to extend without hampering restrictions the life of the Commodity Credit Corporation. Farmers could thereby make plans for the planting of crops and know the support prices on which they can rely.

The reason for my disapproval of HR 3477—my most emphatic and vigorous disapproval—must already be known to every Senator and every Representative. The issue of using Government funds to hold down the cost of living is not a new issue, and my views on it have been expressed before and at some length, particularly in my message vetoing a similar bill (HR 2869) on July 2, 1943.

This bill, like that bill, is an inflation measure, a high cost of living measure, a food shortage measure.

This bill will raise the cost of food in the Bureau of Labor Statistics index not less than 7% and will raise the whole cost of living materially.

If this bill were to become law the housewife would soon have to pay:

Ten cents a pound more for butter.

Nearly 8 cents more a pound for cheese.

One cent more for a quart of milk.

One cent more for a loaf of bread.

Seven cents more for a ten-pound bag of flour.

Hamburger would go up 4 cents a pound.

Pork chops would go up 4½ cents a pound.

Sliced ham would go up 6½ cents a pound.

Chuck roast would go up 3½ cents a pound.

Round steak would go up 5 cents a pound.

The cost of many other necessities would be increased materially.

While increasing the cost of living, the prohibition of consumers' subsidies will not add one dollar to the income of the farmers.

This bill would in effect reverse the policy of the Congress; in effect, it repeals the Stabilization Act of Oct. 2, 1942.

It is clear that we cannot hold the wage line if the Congress deprives us of the means necessary to hold the cost-of-living line.

No major country at war today has been able to stabilize the cost of living without the use of subsidies.

If the wage line breaks—and I do not see how it can be held if this bill becomes law—not only will food costs rise still further, but all other costs will rise—including the cost of all munitions and supplies for the Army and Navy, by many billions.

Not only will it cost every American family more to buy the necessities of life, not only will it cost more to run our factories and our farms, but also the costs of conducting the war will rise proportionately day by day.

The weight of the increased burden will fall on all of us, but most of all on the unorganized workers and others who live on small and relatively fixed incomes, among whom are most of the dependents of our fighting men.

The bill presented to me would destroy the stabilization program.

I cannot accept responsibility for its disastrous consequences.

I hope that the Congress will not compel these consequences.

FRANKLIN D. ROOSEVELT.

The White House, Feb. 18, 1944.

Reference to the postponement by Congress on Dec. 18 last of a decision on the controversial food subsidy issue was referred to in our Dec. 30 issue, page 2676, at which time it was noted that both branches agreed to continue the life of the CCC and the existing subsidy program until Feb. 17.

On Jan. 19 the Senate Banking and Currency Committee rejected the Administration's request for the use of $1,500,000,000 on food subsidies in 1944, acted favorably on the Bankhead bill to terminate all such subsidies by June 30 of this year and sent the whole issue to the Senate floor for debate. Regarding the action the Associated Press, Jan. 19, stated:

The committee reversed itself in taking these actions against the subsidy system which administration officials have described as the cornerstone of their program for controlling retail food prices.

Despite President Roosevelt's vigorous representations to Congress on behalf of the system, a favorable report on the bill by Senator Bankhead (D., Ala.) to end food subsidies on June 30, 1944 was voted 10 to 9, though such a report had been rejected a month ago. The bill is substantially similar to the anti-subsidy legislation passed by the House in November when that chamber acted on an extension of the life of the Commodity Credit Corporation to June 30, 1945.

Two Republican Senators, Taft of Ohio and Tobey of New Hampshire, swung to support of the bill in today's executive session after previously having opposed it. The administration's proposal to authorize the expenditure of $1,500,000,000 for subsidies in 1944 was rejected also on a 9-10 division. A bitter and perhaps long fight on the Senate floor impends.

Senator Maloney (D., Conn.) said that he would introduce on the floor the $1,500,000,000 amendment which the committee turned down. Senator Wagner (D., N. Y.), Banking Committee Chairman, foresaw an opening of the floor battle by next week.

On Feb. 9 the Senate by a vote of 49 to 26, rejected the proposal of Senator Maloney to amend the Bankhead bill whereby the spending of $1,500,000,000 on consumer food subsidies would be permitted in 1944. In part we quote from Associated Press Washington advices, Feb. 9, as given in the New York "Journal of Commerce:"

The vote came at the end of the first day of debate on the revived issue, which produced a charge from Senator George (Dem., Ga.) that the subsidy program constituted "politics of the rawest kind" and a prediction from Maloney that without the payments there will be "a hue and cry for wage increases the like of which we have never seen."

Senator George elaborated on an "inflation" protest already raised by Bankhead, and told the Senate that the whole plan was basically one on labor appeasement at the expense of the farmer.

To continue the subsidy system, he declared, would "amount to appeasement because we are repeatedly warned that if we break the line labor is going to demand constant increases in wages.

"Senators may vote appeasement if they want—but the moment you do you open the floodgates for inflation." . . .

Before the vote Senator Taft ((Rep., Ohio) suggested a compromise, saying the Maloney limitation was "too high" but favoring limited subsidies. . . .

Senator George said that, if the Maloney proposal became law, farmers' prices would be reduced in the market places and all they would get in return would be "a miserable subsidy." He contended that even production subsidies were "hard to justify" because they tended to shift production from one field to another at the cost of the first.

Senator Taft is sponsoring a proposal which would authorize $1,000,000,000 for subsidies this year, but abolish so-called "rollbacks" on meats and butter and the milk subsidy being paid to 3,000,000 dairymen. A vote on this plan may come tomorrow.

Although favoring limited subsidies, Senator Taft charged the Administration with political motives in inaugurating, late last year, the $300,000,000 a year plan of subsidy payments to dairymen.

Subsidies now are being paid, Mr. Taft continued, with funds of the Commodity Credit Corporation and the Reconstruction Finance Corporation without direct authorization from Congress.

On Feb. 11 the Senate by a vote of 43 to 28 approved the Bankhead bill barring the food subsidy programs after June 30, 1944, continuing the life of the CCC to June 30, 1945, and increasing its borrowing power from $3,000,000,000 to $3,250,000,000. Following the Senate action, the House (which had previously, Nov. 23, passed a bill continuing the CCC until July 1, next, but banning subsidies after Dec. 31, 1943) agreed on Feb. 14 to send the bill to conference. The Senate on Feb. 16 unanimously approved the compromise bill agreed to in conference prohibiting the use of subsidies after June 30, and the House approved the conference report on Feb. 17 by a vote of 249 to 118, following which the bill was sent to the White House, and promptly vetoed as indicated above.

From Washington

(Continued from first page)

ning Post along the same lines. (Oh, we forgot, our tax system must be revised to encourage investment and particularly, risk capital.) The Republicans at their Mackinaw Conference wrote one. Senator George has been talking along this line for at least a year; he has written along this line. Long before Mr. Baruch was named by Assistant President Jimmy Byrnes to do a report, which means paying some bright young men, to go around and assemble these other reports, a lot of and apparently satisfactory work was being done by a group of industrialists who had been given offices in Jesse Jones' Department of Commerce and who had his blessing.

Indeed, this group was going right along working with Senator George's committee, which was embarked upon getting all these studies and reports into legislation, when Mr. Roosevelt told Jimmy that the Assistant President's office had better get in on the parade. Thus the Baruch report, which for some reason or another, makes it all official. This is exactly what burns the Senators up. They were suspicious when the President stepped into the picture, wondered just what was up his sleeve. Senator George came very near to blowing up at the time but Baruch visited with him and assured him that he was to work with the Senate committee, not against it. It hasn't turned out to be a supplementing of their work, though. It has become apparently THE report. They have great confidence in Mr. Baruch but they know his vanity for underwriting these semi-official documents and they are most suspicious of the President's moving into the picture. The perplexed editors, studying the "Baruch" report, avow they can't see where he is stepping on the legislative branch's toes. Why, he proposes that it be done by legislation, they say.

All right, that is the way Congress was bent upon doing it. Why another report. It is not easy to put one's hands on it, but the Senators think it is part of Mr. Roosevelt's determination to keep the job, with all the power it entails, to himself. They see Mr. Baruch's vanity making him an unwitting vehicle in this.

There is one thing that is very definite. It can become a very deceptive document. The presumption will be that this is Mr Roosevelt's program. He will likely never say so. But it was done at his direction. He has been credited with saying it was a splendid campaign document, and the fact that it will be taken for his is probably what he meant.

You may rest assured, however, that the National Resources Planning Board has more accurately reflecting his policy about the whole post-war structure before Congress indignantly cut off its funds. These planners were moving boldly for not only a continuation but an acceleration of the deficit spending policy, to the extent of the Government's buying into key industries. You can understand just how Mr. Roosevelt's mind is moving, from his and Harry Hopkins' action in forcing a Government partnership onto the oil companies having properties in the Persian Gulf area.

It is not a question of there being any dearth of "reports" or "studies" on the reconversion program, or of there being any conflict among them. The question is what sort of philosophy will administer the program.

Resume Partial Civilian Mail Service To Italy

Postmaster Albert Goldman announced, effective Feb. 16, that International mail service for civilian correspondence would be resumed between the United States and certain parts of Italy now held by United Nations forces (service to the Italian territories in Africa has already been resumed). Service will be resumed at the same time between the United Kingdom and the same Italian regions, said the announcement, which further stated:

"Letters and postcards will be accepted, beginning Feb. 16, in the United States for delivery to Sicily, Sardinia and the 10 Italian provinces of Bari, Brindisi, Catanzaro, Cosenza, Lecce, Matera, Potenza, Reggio Calabria, Salerno and Taranto. A postal delivery service, within the limits of existing conditions, already is operating in and between these areas. It is important that senders of letters and cards to Italy include the name of the Province in the address.

"For the present, correspondence to the Italian zones mentioned will be limited to letters and postcards up to a maximum weight limit of two ounces from the United States and 40 grams from Italy. Postage for such correspondence will be for letters five cents for the first ounce and three cents for additional ounce. Postcards, three cents.

"No registration, insurance, money order, air mail, or parcel post service will be available.

"Postal authorities of the countries where the mail originates are issuing regulations as to the nature and content of letters which specify that for the present only personal communications will be permitted and that communications of a business, financial or commercial character must be prohibited until additional shipping can be provided. In order to avoid rejection of correspondence these regulations should be consulted by all persons using the service. The regulations will be available at post offices.

"Treasury officials pointed out that General License No. 32A, issued on Feb. 7, 1944, by the Foreign Funds Control Division of the Treasury Department, authorizes the remittance of funds to Sicily for living expenses, provided the terms and conditions of the license are complied with. General License No. 32A also authorizes communications to or from Sicily relating to such remittances. Accordingly, communications to or from Sicily relating to living expense remittances will be permitted, notwithstanding the prohibition on financial, commercial or business communications.

"Thus, for example, persons in Sicily may send communications to the United States containing requests for funds for living expenses and persons in the United States may write to persons in Sicily with respect to living expense remittances. It was stressed, however, that the regulations do not authorize the sending of checks, drafts, securities or currency to or from Sicily. The Treasury advises that persons desiring to effect remittances to this area should consult their local banks concerning the proper procedures to be followed.

"Living expense remittances to other parts of Italy controlled by Allied forces will be allowed as soon as conditions permit. It is expected that communications relating to such remittances will then be permitted to such areas.

"All correspondence will be subject to censorship."

Baruch-Hancock Recommendations For Effecting Transition From War To Peace Economy

(Continued from first page)

needs slack off slightly. But the job will start in earnest the day Germany is defeated and only Japan remains to be licked.

In our issue of Nov. 25, page 2144, it was noted that a war and post-war readjustment unit, headed by Mr. Baruch, had been set up in the Office of War Mobilization and was at work developing a uniform policy for war-contract termination. The report, just made available, proposes, among other things, the establishment, on an operating basis, of a joint Contract Termination Board, within the Office of War Mobilization, to unify procedures and policies of all agencies. It was noted in advices to the New York "Journal of Commerce" from the Washington bureau Feb. 18, that "no post-audit of termination settlements except in the case of fraud, advance planning for cancellations and speedy payments to contractors form the basis of comprehensive Baruch Committee recommendations covering termination of war contracts.

"Contractors would receive 100% payment immediately for all completed and uncompleted articles and for payments to subcontractors. The Government would be required to pay interest to the contractor on termination claims until settlement was consummated."

The report, among other things, deals with measures which should be taken in behalf of small business and in part urges:

Provision for special credit to assist small business in the change-over and to encourage new enterprises.

(a) Extension of the lending authority of the Smaller War Plants Corporation, at present restricted to purposes of war production, to cover financial assistance for change-over problems.

(b) Expansion and liberalization of the Federal Reserve System's authority to make industrial loans, permitting one-half billion dollars of such loans outstanding at any one time.

(c) These two additional sources of credit to supplement—not compete with—the enormous volume of savings in the hands of individuals and banks which await tapping.

(Text of Baruch-Hancock letter which accompanied transmittal of their report appears on page 818.)

Summary Index of Recommendations

The summary index of recommendations appended to the report, as contained in Associated Press advices from Washington on Feb. 18, follows:

(A) Human Side of Demobilization

1. That the government forces dealing with the human problems of demobilization be unified on two fronts—the Executive and Congress.

2. On the executive side, creation in the Office of War Mobilization of the new post of "work director" to "see that the human side of demobilization is not forgotten."

3. This "work director" to be a man "of such outstanding caliber as to command the immediate confidence of the country."

4. This "work director" to work with Congress in the development of a combined program of legislation and operations "to carry out the objectives that all of us share."

5. Among the fields to be covered by this "work director"—personnel demobilization of the armed forces, developing adequate machinery for job placement of veterans and demobilized war workers; adequate care for returning veterans; physical and occupational therapy for wounded and disabled; resumption of education interrupted by war; vocational training; the special employment problems of the great war industries, and others.

6. That there be in each community only one place to which returning service men and service women need to go to learn *all* their rights and how to get them.

(B) Settlement of Terminated War Contracts

1. To assure quick cash pending settlement a complete "financial kit" is assembled, including:

(a) Immediate payment — *the full 100%*—for all completed articles.

(b) On the uncompleted portion of the contract immediate payment—*the full 100%*— of the Government's estimate of "factual" items, where proof ordinarily is simple, such as direct labor or materials, and of other items on which the Government is able to satisfy itself, up to 90% of the contractor's total estimated costs.

(c) Immediate payment — *the full 100%* — of settlements with subcontractors as soon as approved.

(d) Payment by the Government of *interest on termination claims* until settled.

(e) As insurance against delays in validating claims, *a new, simplified system of T (termination) loans by local banks*, with Government guaranties, to be available to all war contractors, primes and subs.

(f) For those unable to obtain such loans from their local banks in thirty days, *the Government to make the loans directly*.

(g) Until the new T loans are authorized by Congress, *extension of V and VT loans* to all eligible borrowers.

(h) Finally, for hardship cases unable to use any of the tools outlined above, *expedited settlements*.

2. Quick, fair and final settlement through negotiation by contractors and procurement agencies.

3. As a more effective safeguard of the public interest than the kind of review suggested by the Comptroller General:

(a) Review powers of Comptroller General limited to fraud with every administrative aid for detecting fraud.

(b) That all sizable settlements be made by teams of negotiators.

(c) These teams to file written reports and keep full records of the bases of settlement.

(d) Contractors to keep records for three years.

(e) That the Comptroller General and the Attorney General be added to the Joint Contract Termination Board.

(f) Further administrative safeguards now under study.

4. Establishment on an operating basis of a joint contract termination board within the Office of War Mobilization, to unify procedures and policies of all agencies:

(a) The board chairman to be a civilian, independent of any of the procurement agencies, answerable to the Director of War Mobilization.

(b) This chairman to require progress reports from all agencies and to report regularly to Congress.

(c) Also to maintain a running survey of the extent to which V and VT loans and the new T loans are taken out.

(d) To keep a constant eye on all aspects of contract settlement, recommending any changes that become necessary.

(e) The War Production Board be added to the joint contract board.

5. Spread acceptance by war contractors of the uniform termination article for fixed-price contracts.

6. Speed the handling of subcontractor claims:

(a) The procurement agencies to be authorized by legislation to protect subcontractors in event of insolvency or default of their customers.

(b) A standard termination article for subcontractors to be completed soon to supplement the uniform termination article for prime contractors.

(c) A minimum figure to be set by the Director of War Mobilization below which "nuisance-sized" claims can be immediately validated with suitable safeguards.

(d) Vigorous experiment with the so-called "company-sized" type of settlement, seeking a workable plan.

7. Schools to be set up around the country for training Government negotiators and contractor representatives in the same classrooms.

8. Prompt clearance of Government property from private plants not later than 60 days after the filing of inventory lists, the manufacturers having the right to remove and store the property earlier at their own risks.

9. This entire termination program to be put into effect by the agencies at once to the extent administratively possible.

10. Prompt enactment of legislation to make this program fully effective, including appropriate authority to permit company-wide settlements, to the extent found practicable.

C. Surplus Property

1. The Director of War Mobilization to name a *Surplus Property Administrator* in the Office of War Mobilization with full authority for handling every aspect of surplus disposal.

2. A *surplus Property Policy Board*, the Administrator as Chairman, with full and final authority, and with these agencies represented: War, Navy, Treasury, Reconstruction Finance Corporation, Maritime Commission, War Production Board, Bureau of the Budget, the Food Administrator, the Attorney General, Federal Works Agency, State Department and Foreign Economic Administration.

3. Four major outlets to handle actual disposal, each in a clearly defined field, with no overlappings:

(a) *Consumer Goods* to the *Treasury Procurement Division*.

(b) *Capital and Producer Goods*, all types of industrial property, to a *single corporation within the Reconstruction Finance Corporation*, consolidating present RFC subsidiaries.

(c) *Ships and Maritime Property* to the *Maritime Commission*.

(d) *Food* to the *Food Administrator*.

4. All of these agencies, as well as any other agencies called upon to handle special disposal problems, to follow policies laid down by the administrator in consultation with policy board.

5. The surplus administrator to report to Congress as soon as possible on legislation needed, basing his recommendations on actual experience with the problem.

6. Our own suggestions as to the broad policies that the surplus administrator may wish to follow are summed up in ten basic principles:

(1) Sell as much as he can as early as he can without unduly disrupting normal trade.

(2) Listen to pressure groups, but act in the national interest.

(3) No sales, no rentals to speculators; none to promoters.

(4) Get fair market prices for the values with proceeds of all sales going to reduce the national debt.

(5) Sell as in a goldfish bowl, with records always open to public inspection.

(6) As far as practicable, use the same regular channels of trade that private business would in disposing of the particular properties.

(7) No Government operation of surplus war plants in competition with private industry.

(8) No monopoly; equal access to surpluses for all businesses; preference to local ownership, but no subsidizing of one part of the country against another.

(9) Scrap what must be scrapped, but no deliberate destruction of useful property.

(10) Before selling surplus equipment abroad, assure America's own productive efficiency, on which our high wages and high living standards rest.

7. The surplus administrator to be a man of proved executive capacity, business sagacity, unquestioned integrity and great courage to fight off the selfish interests who will be seeking to exploit these surpluses.

8. The facts on all sales to be open to public inspection, with regular reports from each disposal agency to Congress.

9. All of the disposal agencies to make effective use of industry advisory committees.

10. The disposal agencies to lease as well as sell, to exchange properties, to sell on credit—but leasing must not become a hidden device for government ownership or subsidies.

11. The Army and Navy to examine their inventories of the most critical civilian items to see what can be safely released during the war for the civilian economy without hurting the war.

12. Surplus administrator to study how to centralize the handling of real property, also to explore the possibilities of beginning to liquidate government holdings.

13. The closest cooperation between the War Production Board and the surplus administrator so that controls do not necessarily hinder disposition by unduly limiting potential buyers, particularly in assuring prompt disposal of small quantities of surplus materials.

14. The surplus administrator and the disposal agencies to have available to them in carrying out their policies the entire field force of all the various agencies, including the services.

15. Surpluses to be offered in lots of such size as to permit businesses of all sizes to participate.

16. The Attorney General is placed on the policy board because of the importance of preventing monopoly in disposal.

17. The Bureau of the Budget is on the board to develop policy for permanent good housekeeping of government properties.

18. The membership of the Surplus Property Board to be made up of men who will carry out the decisions that are made.

19. The broad functions of the Surplus Property Board are summarized on page 5 in the chapter on surplus in the addenda.

D. A general tightening of the entire Government war machine for both mobilization and demobilization—the two going hand in hand.

1. A running review of the functions of all war agencies by the Bureau of the Budget, reporting regularly to the Director of War Mobilization with recommendations for cutting down the agencies as their work dwindles.

2. Intensification of the fine work already being done in sweating out unnecessary requirements in the services' programs.

3. An early, equally effective review of the programs for raw material production, stockpiling, imports, subsidies and premiums to marginal producers so as not to continue any of these programs beyond being needed.

4. Early review of all war-time material controls and limitation measures to determine under what conditions these orders can or should be modified.

5. Strengthening of the Industry Advisory Committees in the War Production Board.

6. Tightened handling and advance planning of new contracts and contract cancellation.

7. Closer working together of the WPB and the OPA to avoid pricing delays in the resumption of civilian production.

8. The armed services to furnish all civilian agencies full information in adequate time for these agencies to do their planning.

9. The civilian agencies to organize themselves to use this information effectively.

10. A running conspectus by the Office of War Mobilization of the tasks assigned each agency.

11. No new demobilization agency needed at this time.

E. Advance Planning for "X Day"

1. To be prepared in event of a sudden collapse of Germany: the Armed Services and the War Production Board to cooperate in the immediate preparation of an "X Day" reconversion plan based on the assumed defeat of Germany on a hypothetical "X Day."

2. This plan to seek to estimate cancellations in advance; to make tentative selections of the industries and plants to be freed, to be used to get a head start on all demobilization problems.

3. Advance listing of the priorities to be given different civilian needs in any opening up of civilian supply.

4. The highest priority to go to those things which contribute directly or indirectly to improved military efficiency, such as vital repairs, transportation.

5. As far as possible, all competitors to be treated alike in the resumption of civilian production but not so as to interfere with war requirements or to hold back production of needed items.

6. While this advance planning is being done, no let-up on the war.

F. Prompt Extension of Needed War Powers

1. The price control law.

2. Priorities and allocations power on which functioning of War Production Board rests.

3. Requisitioning power of President.

4. Attorney General to study other war powers of agencies to determine when they will expire, which can be allowed to elapse and which should be extended.

G. Tightened Handling of Cancellations

1. Prompt cancellation of war contracts as soon as it is seen goods are no longer needed.

2. Procurement agencies to inform the War Production Board of possible cancellations or cutbacks as soon as they begin to think of them.

3. The WPB to work out in advance the policies governing the choices as to which producers should be canceled and which left in production.

4. The actual choices to be made after full consultation with the WPB, War Manpower Commission, and other interested agencies.

5. That contract cancellations be guided, *first* by what will contribute to a more efficient prosecution of the war.

6. With war needs satisfied, *second* by what will contribute to the quick balanced resumption of civilian production and to an orderly change-over from war to peace.

7. Contract cancellation to be integrated with procurement and expansion of civilian production so that facilities and manpower which are released are shifted to new war work or, as far as practicable, to expanded civilian production.

8. A full, frank information policy on all cutbacks and cancellations.

H. Small Business

1. That surpluses be disposed of in small lots to permit small as

well as large business to participate.

2. Similarly, the disposal agencies to be able to lease and to sell on credit, expanding opportunities for small business.

3. Effective representation of small business on Industry Advisory Committees.

4. Protection of small business in the resumption of civilian production, as far as is practicable, without interfering with war.

(a) Earlier cancellations where small business can be converted.

(b) Care to protect competitive position of small business.

(c) Possible relaxation of "nuisance" type production control sooner than broader controls.

5. Provision for special credit to assist small business in the change-over and to encourage new enterprises.

(a) Extension of the lending authority of the Smaller War Plants Corporation, at present restricted to purposes of war production, to cover financial assistance for change-over problems.

(b) Expansion and liberalization of the Federal Reserve System's authority to make industrial loans permitting one-half billion dollars of such loans outstanding at any one time.

(c) These two additional sources of credit to supplement—not compete with—the enormous volume of savings in the hands of individuals and banks which await tapping.

I. So that the loans made available can be repaid and to encourage new enterprises, a post-war tax law be drafted now, during the war, and put on a shelf for use at the end of the war.

1. This tax law to make known in advance the reductions in tax rates from the present war-time levels to normal peace-time levels.

2. That this tax law provide for reduction of the national debt. The importance of reducing the debt being "to return to a strong position of national defense."

3. That this recommendation not be interpreted as meaning that present tax rates are too high for war—if anything they are too low—or that there should be an upward revision of our standards of fair war-time profits. "We have never swerved from the position that the profit be taken out of war."

J. Public Works

1. Early engineering, planning, and designing of public works to be put on the shelf for use if needed.

2. Any fund created to assist local bodies in such planning be administered with full recognition that the debt burden of many communities, cities, and States is far lower than the Federal Government's.

3. Immediately needed projects which have been deferred during the war to be kept under review by the War Production Board for possible clearance as war needs slacken, with due regard to the competing demands of other essential production and employment.

January Total Construction Contracts Below Last Year

Construction contracts awarded during January totaled $159,238,000 in the 37 Eastern States, according to F. W. Dodge Corp. in a report made public on Feb. 18. This was the lowest January total since 1935; it also declined relative to the $252,223,000 recorded in the preceding month and to the $350,661,000 recorded in January, 1943. The entire decrease from January of last year was in public-ownership projects, the $37,363,000 of private construction money spent during the month being 6% above the corresponding figure last year.

All major categories declined from January, 1943: non-residential building, off 56%; residential building, off 63%, and combined public works and utilities, off 41%.

Steel Production Still Strong — New Projects Replace Cuts In War Output — Wage Hearings

"Currently, the nation's railroads are facing a hurdle of getting certificates of necessity for the 1944 equipment program scheduled by ODT, because opposition has arisen in certain Washington quarters to amortizing all-steel freight cars under the five-year Treasury plan," states "The Iron Age" in its issue of today (Feb. 24), further adding:

"Railroad executives say they do not think more than 50,000 cars and 1,000 locomotives will be made this year due to lack of manpower in shops. Only 9,000 cars are scheduled now for production in third quarter, but orders for 13,000 additional have been placed, pending the decision on amortization. Orders for about 11,000 cars have been placed for first and second quarters.

"The total metal allocation to ODT for second quarter was: Carbon steel, 1,490,000 tons; alloy steel, 105,900 tons; copper and copper products, 24,510,000 pounds and 5,756,000 pounds of aluminum.

"Approximately 370,000 tons of steel were allocated in the second quarter for freight cars, 37,500 tons for locomotives, 550,000 tons for rails, 291,000 tons for track accessories, and about 80,000 tons for frogs and switches.

"Recognizing the increasingly critical situation in automotive replacement parts, the WPB granted the entire ODT request of 137,000 tons of carbon steel for this purpose, a 47% increase over the 93,000 tons granted for the first quarter. The military spare parts program, too, is larger this year, and constitutes a sizable share of all combat vehicle production today.

"Two widely heralded civilian goods ventures, the providing of more household irons and the experimental production of diversified goods by small plants in three areas, are lagging. Difficulty in proving non-interference with war work and difficulty in holding down to 1942 ceiling price levels are said to be a drag on the civilian iron project.

"The tight situation in flat rolled steel appears likely to become even more hectic since a new Ordnance Department packaging program requiring large quantities of 12 to 14-gage sheet is imminent. Third quarter tin mill production is expected to exceed 800,000 tons, compared with an approach to 800,000 tons for the second quarter and slightly more than 600,000 tons in first quarter. Tubular goods mills are working at top speed against huge backlogs of orders.

"Getting ready for hearings on the demand of the CIO-USW for a 17c. per hour increase in wages, the War Labor Board has announced a panel of six which will consider the case and called a hearing for Feb. 23 on the question of extending contracts between USW and 74 steel companies. A further angle to the labor picture is a report that steel fabricators and miscellaneous manufacturers may be pressing to have their own WLB panel hearing, instead of being included with the companies actually producing iron and steel."

The American Iron and Steel Institute on Feb. 21 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 97.7% of capacity for the week beginning Feb. 21, compared with 97.7% one week ago, 96.5% one month ago and 97.7% one year ago. The operating rate for the week beginning Feb. 21 is equivalent to 1,750,000 tons of steel ingots and castings, compared to 1,750,000 tons one week ago, 1,727,900 tons one month ago, and 1,691,900 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Feb. 21 stated in part as follows:

"Expected easing in the plate and sheet situation has failed to materialize and now is looked for as a third-quarter development, with current demand strong.

"When the present landing craft program was outlined last Fall producers were given extra tonnage in expectation that reductions in other directions would make it possible for them to provide the added requirements. The cutbacks apparently have not been sufficient to allow mills to catch up on schedules. Some expect the end of March may see deliveries more nearly met.

"Meanwhile, requirements for high-test gasoline refinery construction have increased and are given equal rating with landing craft, the relatively smaller tonnage serving to fill gaps and some directives for this purpose have been issued, displacing other steel already scheduled. This has served to extend delivery promises and tighten further the sheet situation through increased demand for plates from continuous mills.

"Some tightening in scrap supply has resulted from snow in the Midwest but stocks of melters are sufficient to tide over the emergency. Some steelmakers have resumed buying after being out of the market temporarily.

"Recent sale of 25,000 tons of reinforcing bars by the Maritime Commission, rendered excess by abandonment of a reinforced concrete barge program, probably will have little effect on the market."

Annual Assay Commission Meets

Mrs. Nellie Tayloe Ross, Director of the Mint, announced that the traditional sampling and testing of 1943 coinage as provided by law brought together at the Philadelphia Mint on Feb. 9 and 10 members of an Annual Assay Commission appointed by the President.

The Commission this year consisted of 11 appointed and three ex-officio members.

They are:

C. E. Bell, passenger traffic manager, Seaboard Railway Co., Norfolk, Va.; Dr. J. Ellwood Amos, Associate Professor of Finance, University of Pittsburgh; Ray A. van Clief, New York City business man, now living in Washington, D. C.; Fred R. Mann, Philadelphia business leader; Miss Grace Nixon, former postmistress, Phillipsburg, N. J.; Arthur T. Pienkowsky, Washington, D. C., recently retired weights expert of the Bureau of Standards; William E. Leahy, Washington, D. C., Selective Service official, attorney, and President of Columbus University; Mrs. Hale Shenefield, Washington, D. C., instructor at American University; Dr. Benjamin Salzer, New York City; Mrs. Brewer L. Stouffer, Hagerstown, Md., woman counsellor for Fairchild Aircraft Corp., and Morton Schwartz, New York City business man.

Statutory ex-officio members are Judge William H. Kirkpatrick, of the United States District Court for Eastern Pennsylvania, Philadelphia; Preston Delano, Comptroller of the Currency, Washington, and Joseph Buford, assayer, the United States Assay Office, New York City.

The announcement from the Treasury Department also said:

"The annual 'trial of the coins,' as the function is known, has been made without interruption since 1792. At all United States Mints, one of each 2,000 silver coins produced is taken at random and preserved under seal for testing by the Assay Commission. The procedure was set up by the early lawmakers to insure that the nation's money is maintained at standards of fineness and weight.

"Members of the Commission serve without compensation, but are reimbursed for their expenses. They received a special medal as a token of their service.

"Mint activities of extra-curricular interest to the Commission this year include the recently resumed coinage of bronze one-cent pieces, in which scrapped shell cases and new copper are combined; and the production of thousands of medals for heroes of the Navy, Coast Guard and Merchant Marine."

Man Power Needs For First Half Of 1944

A new survey of the nation's man power needs for the first half of 1944 was made public on Feb. 1 by Paul V. McNutt, Chairman of the War Man Power Commission. In a statement prepared for a press conference held on Feb. 1, Mr. McNutt said: "I am making public today our statement on man power requirements for January and July of 1944.

"An analysis of the requirements indicates that we face five primary problems in the coming months:

"1. Although war production as a whole has leveled off and total munitions employment will remain on a plateau, many specific production programs are expanding rapidly. We must find more workers for aircraft, ship repair, radio and radar, heavy trucks, landing craft, and other items which are on the increase. The many areas where these munitions are produced will continue to grow tighter. Production will decline in other areas, but a lay-off of workers as a result of a cutback in a midwestern ammunition plant does not in itself staff the ship repair yards in San Francisco. Therefore, we must continuously conserve and reallocate our present supply of munitions workers.

"2. We must replace the men and women being drawn every day into military service, which becomes increasingly difficult as time goes on. To provide a net increase of 800,000 in the strength of the armed services, approximately 1.4 million will have to be inducted, in order to compensate for those who are discharged or lost.

Men who are withdrawn from industry for military service are becoming harder and harder to replace. In each successive month a higher level of skill and experience must be tapped to fill Selective Service calls.

"3. Workers must remain in essential jobs in the face of growing attractions which operate in the other direction. The impulse to seek out a safe berth in non-war work of a permanent character, must be put aside in this crucial phase of the war. Our twelve Regional Directors have reported almost unanimous concern over this tendency. Too many manufacturers have one eye on their post-war civilian market; when this is so, it is only natural for workers to seek out their post-war jobs. We should be clear about one thing: the man-power shortage will not permit any extensive expansion of non-war production before the collapse of Germany, even if materials should be available. The amount of reconversion we can afford is not commensurate with the amount of talk that has been given to it. Let us put our mind back on the job to be done.

"Cutbacks create a further psychological hazard; a layoff of 300 workers receives more attention than a new demand for 3,000. The inevitable uncertainty has an injurious effect on the production line, despite the fact that workers who have been laid off by cutbacks are sorely needed in other employment.

"4. The seasonal labor needs of agriculture—about 3,400,000 between January and July—must be filled. This seasonal swing is usually accompanied by a corresponding increase in labor supply. The bulk of the additional labor will consist of women and young persons who are already residents in farming areas, but who work in the fields only during the busy season. We will again need the services of these people.

"5. The labor shortage in a number of highly critical industries is still extremely serious. I might mention railroad transportation, ball bearings, foundries, coal, meat packing and radio tubes as examples. These industries have not received the same wide attention as others such as aircraft and shipbuilding, but every one is directly and intimately connected with the flow of materials to the fighting fronts.

"Apart from seasonal agricultural requirements, our civilian employment plus the Armed Forces must increase by 900,000 by July 1944. This increase is small compared to those which have been achieved in former years but will be more difficult to attain. We do not have reserves of unemployed to draw from. The women who were readily available for employment have already been drawn into the labor market. Workers are no longer being made available for transfer by declining civilian activities; as a matter of fact the trend is the other way. From now on, we will have to operate within a fixed and limited man-power budget.

"Our man-power resources are strained. We have never before in our history had so many people at work. Our only remaining substantial labor reserve consists of women; but the number of new women entering the labor market barely compensates for those who are returning to their homes. Nonagricultural employment of females has remained relatively constant over the past six months. About 8 women leave the labor market for every 10 who enter it.

"The bulk of our war production is carried on in labor shortage areas—those in Group I and Group II. It is in these areas that the strain on our labor resources will be hardest. Despite the spread of vigorous and effective local man-power programs, very few major Group I areas have so far been able to move out of this category.

"The man-power job has not been cut back."

Ton-Miles of Revenue Freight Continues To Rise

The volume of freight traffic, measured in ton-miles of revenue freight, handled by the Class I railroads in January, 1944, was the greatest for any January on record, the Association of American Railroads announced today (Feb. 24). Traffic in that month amounted to approximately 59,750,000,000 ton-miles, according to preliminary estimates based on reports just received by this Association from Class I railroads. This was an increase of 8.4% compared with the same month in 1943, 39% over January, 1942, and an increase of 134% compared with January, 1939.

The following table summarizes revised ton-miles statistics for the 12 months of 1943 and 1942, and shows preliminary figures for January, 1944 (000 omitted):

	1943	1942	% Inc.
1st 11 mos.	‡666,433,031	583,038,993	14.3
Mo. of Dec.	*59,900,000	55,030,990	8.8
Total 12 mos.	726,333,031	638,069,983	13.8
	1944	1943	
Mo. of Jan.	†59,750,000	55,120,899	8.4

*Revise estimate. †Preliminary estimate. ‡Actual.

Four "Invasions" Seen By Babson

(Continued from first page)

lapsing is a debatable question. Certainly, such a landing will be only a part of the Second Front invasion.

A careful study of maps will convince anyone that if the Allies institute an effective invasion against the will of Germany, landings will be made at four different points:

(1) At the Balkans, aimed to destroy the Rumanian oil fields if Russia has not already taken them. Watch General Patton's army.

(2) At southern France, by moving troops in from the island of Corsica where they are now assembling.

(3) At northern France, Belgium and Holland bv moving troops in from England.

(4) At Norway, where the Germans have the fewest troops and where it would be very difficult to bring re-enforcements. I feel very sure that Norway will be a part of the program. There are excellent airfields just south of Stavanger, which is only about 400 to 500 miles to Hamburg, Bremen and Berlin. Furthermore, securing such Norwegian air bases should enable the Allies to get a foothold in Denmark. From northern Denmark it is only 250 miles to the industrial cities and seaports of Germany.

Weather An Important Factor

In view of weather conditions in Norway and elsewhere, this may mean a delay of the real invasion of Europe until Spring or Summer, although men are now being rapidly sent to England and elsewhere. Delay is in favor of the Allies because (1) Germany is being systematically destroyed by continued bombing; and (2) because the Allies can be better prepared with more troops and armaments the greater the delay. Then there is always the hope that the German army leaders will dethrone Hitler. They surely had rather let us march triumphantly into Germany than have Russia. This thought was the reason for the Pravda article about German and English peace talks which created such excitement last month.

Certainly, the Allies are not advertising in advance their plans. Rather, their leaders are talking publicly about the very opposite of what they actually will do. Note that 90% of our European war news comes from London and every word of it must pass the English censors. It also should be remembered that more news is put out for German consumption and to mislead our enemies than to inform our own people. This is no criticism of our governments. It does, however, suggest that most time spent listening to radio war commentators is wasted. We had better use this time figuring how our returning soldiers will get jobs when World War II is over.

Our Boys Not In Great Danger

My real reason for writing of these things this week is to cheer up parents, sisters and wives who now have boys in England and elsewhere awaiting the invasion. War is almost wholly a question of mathematics and spirit. The Great Invasion will not start until the Allies are 100% ready—Russia notwithstanding. Hence, mathematics and spirit will be greatly in favor of our boys. Thus, our casualties should continue low. In addition, the invasion will not be confined to northern France where we might expect heavy casualties. Washington may be justified in scaring us; but statisticians and geographers are not frightened.

The invasion will come simultaneously at about four places. These will reduce the striking power of the German Army 75%.

"But why will this division not also reduce our striking power?" you ask. The answer again is one of statistics. The Allies can choose where to place each of their men. A man properly placed is worth four men hunting aimlessly for intruders. The old comparison between defense and offense no longer applies in this day of airplanes and radio. Therefore, let us not worry about our boys just yet. There will be no massacre of our men in Europe.

Proposal To Make Freight Rates Uniform Called Threat To Free Flow Of Commerce

According to the National Industrial Traffic League, a serious threat to the free flow of commerce is found in 12 bills and two resolutions now pending in Congress. They propose, says the League, to make railroad freight rates "uniform" throughout the United States, with mileage and cost as the primary elements to be considered. Two of the bills, one in the Senate and the other in the House, go farther by proposing a rate system patterned on the parcel post system of rate making. One is sponsored by the Governors of Southern States. The League further states:

"These bills would deprive the Interstate Commerce Commission of its authority to make freight rates in keeping with prevailing conditions in industry and agriculture. Territorial relationships and the needs of industry would be totally disregarded.

"As commerce and industry developed, the freight rate structure of the country has been changed to meet new conditions. It is now proposed to change this method by making freight rates 'uniform' and then let industry fit itself into the new rigid pattern. The method of permitting the ICC to determine just and reasonable rates, after hearing the interested parties, would be discarded. The bill sponsored by the Governors of Southern States requires the Commission to prescribe a scale for uniform application. Any change in it, therefore, could be made only after application therefor and hearing thereon, under the Commission's present procedure. At present, any carrier or carriers may propose a change by the simple expedient of filing a tariff, giving 30 days' notice. That period of notice, by application to the Commission, can be reduced to one days' notice. Such short notice is often authorized after shippers and carriers, in conference, have agreed on the nature and desirability of a change.

"The National Industrial Traffic League points out in a statement prepared by its Special Committee appointed to study this subject, that the emphasis laid on mileage by the proposal of the Southern Governors would have a destructive effect not only on group relationship of freight rates but on the groups themselves; also on export and import rates via the various ports. For example: Coal to Chicago, the requirement respecting mileage would result in widening the difference between the Brazil-Clinton, Ind., group and the Springfield, Ill., group from 10 to 42 cents; and between the Brazil-Clinton group from 35 to 59 cents.

"Uniform rates, treated in accordance with the Southern Governors' rules of mileage emphasis, would break the existing parity of rates on exports and imports via the ports of Baltimore, Savannah and New Orleans. At present the first-class export rates from Chicago via Baltimore, Savannah and New Orleans are $1.54. Under the proposal of the Southern Governors, the rate to and from Baltimore would become $1.95, from Savannah, $2.47, and from New Orleans, $2.31.

"Experienced traffic men, with possibly some exceptions, hold a conviction that rates resulting from the proposed 'uniform' directive from Congress, would be to localize trade and industry, forcing small areas to become self-sufficient. Long hauls would be prohibitive in cost, at least over railroads. Inasmuch as the bill refers only to railroad transportation, other agencies of transport might extend their operations. However, hauls of sugar from mills in the Rocky Mountain area to St. Louis and Chicago, large users of sugar, under present conditions and costs, traffic men would probably suggest, would be rare.

Russia Forms National Council In Poland

A National Council inside Poland has been organized by the Russian-sponsored Union of Patriots. This was disclosed on Feb. 12 in a Moscow radio, said Associated Press advices from London, in which it was stated that this added a new climax to the open conflict between Russia and the Polish Government-in-exile. As to the new Council, the Associated Press also had the following to say:

"The disclosure that the Union, organized in Moscow, had set up operations in Poland, followed an editorial in the Communist Party newspaper 'Pravda,' attacking the Polish regime in London anew and implying that a government acceptable to Russia might be established in Poland.

The text of the broadcast, as recorded by the Ministry of Information, follows:

" 'A national Council has been formed in Poland to unite all national forces in order to speed the German defeat and the liberation of Poland.

" 'The National Council includes representatives of the Polish Peasant's Party, Polish Socialists, the Polish Workers' Party and other democratic national groupings. It has issued a manifesto in which it outlines its unshakable determination to fight for the complete liberation and rebirth of the Polish Republic.

" 'The formation of the National Council is a step forward in the consolidation of all national elements inside Poland in the face of the complete ruin and annihilation with which the Germans threaten the Polish nation.'

"The Union is headed by Wanda Vassilevskaya, whose husband Alexander Korneichuk, is the new Foreign Commissar of the Russian Ukraine.

"Although the announcement contained no specific reference to the exiled regime in London, which also has said that it has a formal governmental structure operating inside Poland, the broadcast was obviously one of the sharpest warnings yet that a framework was being erected that could possibly become a Polish Government recognized by Russia.

" 'All Poles to whom the honor and independence of Poland are precious march together with the Union of Polish Patriots . . . who, not in words but in deeds, are showing their solidarity with the Red Army, with the armies of the Allies and with the Soviet people the Pravda article said, according to another Moscow broadcast.

" 'Pravda' asserted that the Polish Government-in-exile 'has completely cut itself off from the real Polish people, who are waging a bitter struggle against the German invaders and their Polish accomplices. The London Polish politicians are backed by no one in Poland except pro-Fascist agents who are helping the Germans.'

"A dispatch from Moscow quoted the newspaper as declaring that 'the Polish Government-in-exile, part of which is made up of Fascists, has lost touch with reality. It is living in a visionary world of Hitlerite mirages.' The editorial said that 'yesterday and always, the Polish Government-in-exile has considered the Soviet Union its enemy.'

" 'Pravda' said that there was documentary proof of charges that the Polish Government collaborated with the Germans. It accused the Polish underground radio and some Polish publications published in London of professing false friendship for Russia."

Count Coudenhove-Kalergi Proposes European Federation For Lasting Peace

Count Richard N. Coudenhove-Kalergi, Austrian author of "Crusade for Pan-Europe," at a dinner on Feb. 18 of the New York Academy of Public Education in the Waldorf-Astoria, New York City, said the only assurance of a lasting peace after the defeat of the Axis is through a European federation with a common defense and a bill of rights. Thomas J. Watson, President of the International Business Machines Corporation, was presented at the dinner with the Academy's annual award for distinguished service in the field of education. The New York "Times" of Feb. 19, from which the foregoing is taken, also reported the remarks of Count Coudenhove-Kalergi and Mr. Watson as follows:

Count Coudenhove-Kalergi said that America would profit tremendously from European union.

"European union offers lasting peace by the establishment of a common defense system," he added. "It offers prosperity by breaking down the tariff boundaries and establishing a vast area of free trade. It offers liberty and justice by assuring for all Europeans a common bill of rights, based on the principles of President Roosevelt's four freedoms.

"Beyond this continental solidarity in matters of defense, of economy and of a bill of rights, the nations of Europe will be able to continue their colorful diversity in matters of civilization, constitution, religion, education and tradition."

Mr. Watson said that taxpayers as well as State and local officials should not think in terms of expense of carrying of schools and colleges but rather as an investment. He advised cooperation in increasing financial backing for education so that satisfactory salaries could be paid to the proper number of instructors and administrative officials and said increased education facilities should be provided.

"We have experimented in this country with the exchange of professors and students between our own and other countries," he went on. "I have followed this very carefully, particularly the exchange students, and I am convinced that this experiment has been a success. We have to find ways and means of increasing this type of education."

Mr. Watson declared that with proper attention to the development of better understanding between groups and nations through education, "we shall have the more constructive relations and greater cooperation which are so essential in the building of a better world." He pointed out that work has already been started on post-war plans for fair adjustment of trade barriers so there can be a proper flow of goods and services both ways across borders of countries, which he said is one of the most important elements in the development of political policies that will maintain peace in the world.

William C. Bullitt, former United States Ambassador to Russia and France, endorsed the plan of Count Coudenhove-Kalergi. He said the central problem of peace is in Europe rather than in Asia and that if post-war Europe consists merely of spheres of influence instead of something like a federation another war is likely. A divided Europe, he said, will lead to differences and finally to another conflict.

Dr. J. B. Condliffe, Associate Director, Division of Economics and History, Carnegie Foundation for International Peace, asserted that the American contribution to international good-will can best be made by reducing diplomacy to consultations on the ordinary day-to-day relations between individuals in different countries. "One of the best ways to do this," he said, "is to bring it down to the bread and butter level."

Dr. Harry Woodburn Chase, Chancellor New York University and President of the New York Academy of Public Education, presided.

Shifts In War Production Seen By Gen. Browning

Brigadier General Albert J. Browning, Director of Purchases of the War Department and Chairman of the Procurement Policy Board of the War Production Board, speaking at a dinner meeting of the Economic Club of Chicago, said that industry faces continued severe cuts in war orders in the next few months with complete or partial cancellation of a large number of contracts. A special dispatch to the New York "Times," in reporting this from Chicago on Feb. 17, added:

"The overall volume of deliveries to the Army this year will be only slightly below that of 1943, but there will be significant shifts in the composition of goods delivered, General Browning said. That means, he emphasized, that many war contractors will be cancelled out entirely because the product they are supplying is no longer needed.

"The job of supplying the Army ground forces is now largely one of replacement, General Browning said. The big job of supplying the original equipment has been completed.

"General Browning did not touch on release of materials for civilian goods manufacture in his speech, but said that there was nobody in Washington who is prepared at this stage to give the go-ahead signal for civilian production.

" 'There is no person who can foretell when the war will end,' he said. 'Without that knowledge no man is willing to take responsibility for deciding to tear down war-production lines.'

"Aircraft deliveries this year will make up for a large part of the reduction in deliveries of other goods to the Army, General Browning said. Ordnance will be further reduced. He stressed, however, that a shift in war needs might require an increase later in ammunition production.

"Production of ammunition has run far ahead of needs up to now because the Army has not done as much shooting as the supply services prepared for, he said. Furthermore, the amount coming off production lines was 50% greater than had been estimated. The winning of air superiority by the Allies also cut severely into ammunition needs. Anti-aircraft guns, big consumers of ammunition, have not been used to the degree anticipated."

National Fertilizer Association Commodity Price Average Advances

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public Feb. 21, advanced to 137.4 in the week ending Feb. 19 from 137.0 in the preceding week. A month ago this index stood at 137.0 and a year ago at 134.9, based on the 1935-1939 average as 100. The Association's report added:

The increase in the general level of the wholesale commodity price average was due primarily to higher quotations for livestock. A marked rise in prices for both light and heavy hogs, lambs and sheep was sufficient to cause a sharp advance in the farm products average. Eggs advanced slightly, causing a slight rise in the foods group average. Although there was a slight decrease in the price of rye, it was not sufficient to cause a change in the grains group index number. Cotton continues to move into higher ground, causing the textiles group to advance fractionally. During the past week none of the group averages in the composite index declined.

During the week six price series advanced and one declined; in the preceding week five price series advanced and five declined; and in the second preceding week there were five advances and four declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Feb. 19, 1944	Preceding Week Feb. 12, 1944	Month Ago Jan. 22, 1944	Year Ago Feb. 20, 1943
25.3	Foods	139.2	139.0	139.9	137.7
	Fats and Oils	146.1	146.1	146.1	148.1
	Cottonseed Oil	159.6	159.6	159.6	159.0
23.0	Farm Products	157.4	155.9	155.2	152.6
	Cotton	198.5	197.5	191.4	197.3
	Grains	164.8	164.8	164.8	136.3
	Livestock	148.4	146.3	146.4	149.5
17.3	Fuels	130.1	130.1	129.5	121.7
10.8	Miscellaneous commodities	131.4	131.4	131.4	129.4
8.2	Textiles	151.7	151.5	150.6	150.9
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.4	152.4	152.4	151.9
1.3	Chemicals and drugs	127.7	127.7	127.7	127.6
.3	Fertilizer materials	117.7	117.7	117.7	117.6
.3	Fertilizers	119.9	119.9	119.9	119.8
.3	Farm machinery	104.2	104.2	104.2	104.1
100.0	All groups combined	137.4	137.0	137.0	134.9

*Indexes on 1926-1928 base were: Feb. 19, 1944, 107.0; Feb. 12, 106.7, and Feb. 20, 1943, 105.1.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table:

MOODY'S BOND PRICES†
(Based on Average Yields)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Feb. 22	STOCK EXCHANGE CLOSED								
21	120.11	111.25	118.40	116.41	111.25	100.32	104.31	113.50	116.41
19	119.96	111.25	118.20	116.41	111.07	100.49	104.31	113.50	116.41
18	119.96	111.25	118.40	116.41	111.07	100.49	104.31	113.50	116.41
17	119.94	111.25	118.20	116.22	111.07	100.49	104.14	113.50	116.41
16	119.89	111.25	118.20	116.41	111.07	100.49	104.31	113.50	116.41
15	119.83	111.25	118.20	116.41	111.25	100.49	104.48	113.50	116.41
14	119.76	111.25	118.20	116.22	111.25	100.49	104.31	113.50	116.41
12	STOCK EXCHANGE CLOSED								
11	119.69	111.25	118.40	116.22	111.25	100.49	104.31	113.50	116.41
10	119.69	111.25	118.40	116.22	111.25	100.49	104.31	113.50	116.41
9	119.70	111.25	118.40	116.22	111.25	100.49	104.31	113.50	116.61
8	118.73	111.25	118.40	116.22	111.25	100.49	104.31	113.50	116.61
7	119.68	111.25	118.40	116.22	111.07	100.49	104.14	113.50	116.61
5	119.50	111.25	118.40	116.22	111.25	100.49	104.14	113.50	116.61
4	119.45	111.25	118.40	116.22	111.25	100.49	104.14	113.50	116.61
3	119.41	111.25	118.40	116.22	111.25	100.49	104.14	113.50	116.61
2	119.41	111.25	118.20	116.22	111.25	100.32	104.14	113.31	116.41
1	119.42	111.25	118.40	116.22	111.07	100.32	104.14	113.31	116.61
Jan. 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41
21	119.58	111.25	118.40	116.41	111.07	100.16	104.31	113.31	116.41
14	119.57	111.25	118.60	116.41	111.25	99.84	104.14	113.50	116.41
7	119.69	111.07	118.60	116.41	111.07	99.36	103.80	113.50	116.22
High 1944	120.11	111.25	118.80	116.41	111.25	100.49	104.48	113.50	116.61
Low 1944	119.41	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
1 Year ago Feb. 20, 1943	117.11	109.06	117.60	115.43	110.15	95.01	99.68	112.93	115.43
2 Years ago Feb. 21, 1942	116.36	106.56	115.82	113.31	107.62	91.62	97.00	110.15	113.50

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Feb. 22	STOCK EXCHANGE CLOSED								
21	1.82	3.10	2.73	2.83	3.10	3.73	3.49	2.98	2.83
19	1.83	3.10	2.74	2.83	3.11	3.72	3.49	2.98	2.83
18	1.83	3.10	2.73	2.83	3.11	3.72	3.49	2.98	2.83
17	1.83	3.10	2.74	2.84	3.11	3.72	3.50	2.98	2.83
16	1.83	3.10	2.74	2.83	3.11	3.72	3.49	2.98	2.83
15	1.84	3.10	2.74	2.83	3.10	3.72	3.48	2.98	2.83
14	1.84	3.10	2.74	2.84	3.10	3.72	3.49	2.98	2.83
12	STOCK EXCHANGE CLOSED								
11	1.85	3.10	2.73	2.84	3.10	3.72	3.49	2.98	2.83
10	1.85	3.10	2.73	2.84	3.10	3.72	3.49	2.98	2.83
9	1.85	3.10	2.73	2.84	3.10	3.72	3.49	2.98	2.82
8	1.84	3.10	2.73	2.84	3.10	3.72	3.49	2.98	2.82
7	1.85	3.10	2.73	2.84	3.11	3.72	3.50	2.98	2.82
5	1.86	3.10	2.73	2.84	3.10	3.72	3.50	2.98	2.82
4	1.87	3.10	2.73	2.84	3.10	3.72	3.50	2.98	2.82
3	1.87	3.10	2.73	2.84	3.10	3.72	3.50	2.98	2.82
2	1.87	3.10	2.74	2.84	3.10	3.73	3.50	2.99	2.83
1	1.87	3.10	2.73	2.84	3.11	3.73	3.50	2.99	2.82
Jan. 28	1.87	3.11	2.74	2.84	3.11	3.74	3.50	2.99	2.83
21	1.86	3.10	2.73	2.83	3.11	3.74	3.49	2.99	2.83
14	1.86	3.10	2.72	2.83	3.10	3.76	3.50	2.98	2.83
7	1.85	3.11	2.72	2.83	3.11	3.79	3.52	2.98	2.84
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944	1.82	3.10	2.71	2.83	3.10	3.72	3.48	2.98	2.82
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
1 Year ago Feb. 20, 1943	2.06	3.22	2.77	2.88	3.16	4.07	3.77	3.01	2.88
2 Years ago Feb. 21, 1942	2.11	3.36	2.86	2.99	3.30	4.30	3.94	3.16	2.98

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration for War, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Feb. 12, 1944, is estimated at 12,950,000 net tons, as compared with 12,850,000 tons in the preceding week and 12,200,000 tons in the corresponding period last year. Total output for the current year to date is 8.8% in excess of that for the same period in 1943.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Feb. 12, 1944, which includes Sunday, Feb. 6, was estimated at 1,424,000 tons, an increase of 160,000 tons (12.7%) from the preceding week. When compared with the output in the corresponding week of 1943 there was an increase of 58,000 tons, or 4.2%. The calendar year to date shows an increase of 4.6% when compared with the corresponding period of 1943.

The Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended Feb. 12, 1944, showed a decrease of 1,200 tons when compared with the output for the week ended Feb. 5, 1944. The quantity of coke from beehive ovens decreased 7,800 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL
(In Net Tons)

Bituminous coal and lignite—	Week Ended— Feb. 12, 1944	*Feb. 5, 1944	Feb. 13, 1943	January 1 to Date— †Feb. 12, 1944	Feb. 13, 1943	Feb. 13, 1937
Total, incl. mine fuel	12,950,000	12,850,000	12,200,000	77,510,000	71,203,000	61,761,000
Daily average	2,158,000	2,142,000	2,033,000	2,112,000	1,925,000	1,669,000

*Revised. †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

Penn. anthracite—	Week Ended— §Feb. 12, 1944	¶Feb. 5, 1944	Feb. 13, 1943	Cal. Year to Date— Feb. 12, 1944	Feb. 13, 1943	Feb. 16, 1929
*Total incl. coll. fuel	1,424,000	1,264,000	1,366,000	7,512,000	7,182,000	11,020,000
†Commercial production	1,367,000	1,213,000	1,311,000	7,212,000	6,895,000	10,227,000
Byproduct coke—						
United States total	1,287,600	1,288,800	1,221,900	7,825,600	7,631,700	‡
Beehive coke—						
United States total	156,900	164,700	158,800	985,700	967,700	780,200

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In net tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State	Week Ended— Feb. 5, 1944	Jan. 29, 1944	Feb. 6, 1943	Feb. 6, 1937
Alabama	397,000	409,000	374,000	296,000
Alaska	5,000	5,000	6,000	2,000
Arkansas and Oklahoma	102,000	108,000	105,000	107,000
Colorado	192,000	195,000	189,000	240,000
Georgia and North Carolina	1,000	1,000	1,000	¶
Illinois	1,655,000	1,649,000	1,454,000	1,423,000
Indiana	590,000	545,000	507,000	458,000
Iowa	50,000	53,000	61,000	127,000
Kansas and Missouri	188,000	188,000	217,000	203,000
Kentucky—Eastern	1,003,000	958,000	935,000	313,000
Kentucky—Western	370,000	360,000	307,000	60,000
Maryland	40,000	38,000	33,000	38,000
Michigan	8,000	4,000	8,000	29,000
Montana (bituminous and lignite)	105,000	99,000	88,000	84,000
New Mexico	39,000	38,000	37,000	50,000
North and South Dakota (lignite)	51,000	76,000	85,000	88,000
Ohio	698,000	674,000	742,000	626,000
Pennsylvania (bituminous)	3,070,000	3,060,000	2,798,000	2,680,000
Tennessee	168,000	171,000	147,000	111,000
Texas (bituminous and lignite)	4,000	6,000	6,000	16,000
Utah	148,000	127,000	131,000	147,000
Virginia	423,000	437,000	398,000	270,000
Washington	35,000	36,000	38,000	62,000
*West Virginia—Southern	2,278,000	2,363,000	2,087,000	1,714,000
†West Virginia—Northern	1,020,000	1,023,000	926,000	709,000
Wyoming	209,000	206,000	198,000	165,000
‡Other Western States	1,000	1,000	2,000	¶
Total bituminous and lignite	12,850,000	12,830,000	11,880,000	10,018,000
§Pennsylvania anthracite	1,264,000	1,274,000	1,373,000	1,093,000
Total all coal	14,114,000	14,104,000	13,253,000	11,111,000

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Less than 1,000 tons.

WPB Studies Problems For Transition To Peace-Time Production Of Consumer Goods Industries

Chairman Donald M. Nelson said on Feb. 14 that the War Production Board is examining with leaders of various consumer goods industries the problems that will arise when the time comes for transition back to peace-time production.

Mr. Nelson said that these discussions, which are being held with the members of a number of WPB industry advisory committees, and which will be supplemented by meetings with labor groups, are based on these premises:

"1. There can be no immediate general resumption of the manufacture of consumer goods, because military programs still have first call on the nation's resources and neither manpower, manufacturing facilities nor component parts for large-scale consumer goods production are now available.

"2. Nevertheless, it is essential to make plans now so that when the proper times does come the transition from a war economy to peace-time production is as smooth, as rapid and as fair as possible.

"3. Collection of facts and full, frank discussion with industry and labor of the difficult problems involved is a necessary part of such planning."

The WPB further states:

"A good example of the form these discussions are taking, Mr. Nelson said, is provided in the meeting held last week with members of the Domestic Laundry Equipment Industry Advisory Committee.

"L. R. Boulware, WPB Operations Vice-Chairman, opened this meeting by emphasizing that there can be no early change in the present situation—which permits no manufacture of domestic laundry equipment—and explained the reasons for this fact: that surpluses of materials, facilities and manpower are 'spotty' and that small forgings, castings, bearings and electric motors are still in greatly inadequate supply. He also called attention to the fact that 800,000 more men will be drafted before the middle of the year and warned that labor shortage is apt to be a controlling factor even after the position in respect to components has eased.

"'But we must plan for the future,' Mr. Boulware said, 'and that is why we have asked you to meet with us to consider some of the problems. While there is no possibility of the resumption of manufacture of washing machines for general civilian distribution in the immediate future, we must nevertheless continue the study we have been making together in these meetings in an effort to arrive at a plan which, when the time does come, will enable the washing machine industry to start up with both the least delay in providing jobs for the then released war workers and with the shortest possible interval between the starting of production and the making of the finished machines available to the general public.

"'In no other way than by these careful deliberations ahead of time can we remove, one by one, the problems that would otherwise surprise and confuse us on the day when production of washing machines can be resumed.'"

Some of the problems developed at the meeting were these:

"To what extent should Government controls continue beyond the end of the war?

"This problem is extremely involved. The position in respect to war contracts in the industry varies with almost every manufacturer. Some have contracts which will continue, as one industrialist put it, 'until the last Jap stops wiggling,' while others may be terminated much earlier. A manufacturer in the aircraft program, for instance, is likely to be fully occupied until the Pacific war has been won.

"2. How can the resumption of peace-time production be handled so as to be fair to those whose continuing war contracts prevent them from returning promptly to the manufacture of washing machines? This, of course, is a problem common to all industries producing consumer durable goods.

"3. Assuming that the return to peace-time production is gradual, at what rate can the industry profitably resume production—or at what rate would resumption be undertaken even without a profit? This question is complicated since it varies with the varying overhead position in different firms, with increased cost of both materials and labor, and with the prices at which products may be sold.

"4. Should the entry into a given field of manufacturers who have not previously been engaged in that particular business be regulated, and, if so, how? Many of the manufacturers present felt that it would be highly unfair if new firms were allowed to enter the washing machine industry at a time when many or most of the old manufacturers in the industry were still engaged in war work.

"'No attempt was made to reach decisions or conclusions about these points at this meeting,' Mr. Nelson said. 'What we sought primarily was a free and full discussion of these problems — to bring them out in the open, both in order that we in WPB could see precisely how they appear to industry, and in order that the people in industry may themselves get a better understanding of the many complex factors that will be involved in the transition picture.'"

Moody's Daily Commodity Index

Tuesday, Feb. 15	248.6
Wednesday, Feb. 16	248.8
Thursday, Feb. 17	248.9
Friday, Feb. 18	249.3
Saturday, Feb. 19	249.4
Monday, Feb. 21	249.5
Tuesday, Feb. 22	*
Two weeks ago, Feb. 8	248.8
Month ago, Jan. 22	247.8
Year ago, Feb. 20	245.8
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, Feb. 21	249.5
Low, Jan. 5	247.0

*Holiday.

Bankers' Dollar Acceptances Outstanding On January 31 Increase To $120,497,000

The volume of bankers' dollar acceptances outstanding on Jan. 31 amounted to $120,497,000, an increase of $3,683,000 from the Dec. 31 total, according to the monthly acceptance survey issued Feb. 14 by the Federal Reserve Bank of New York. As compared with a year ago, the Jan. 31 total represents a gain of $815,000.

In the month-to-month comparison, domestic warehouse credits, shipments, and those based on goods stored in or shipped between foreign countries were lower, while in the yearly analysis only credits for imports were higher.

The Reserve Bank's report follows:

BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES BY FEDERAL RESERVE DISTRICTS

Federal Reserve District—	Jan. 31, '44	Dec. 31, '43	Jan. 30, '43
1 Boston	$20,739,000	$21,083,000	$23,131,000
2 New York	74,242,000	71,133,000	69,774,000
3 Philadelphia	5,971,000	5,508,000	5,888,000
4 Cleveland	1,217,000	1,699,000	1,828,000
5 Richmond	2,098,000	2,059,000	540,000
6 Atlanta	2,922,000	2,268,000	2,271,000
7 Chicago	3,578,000	3,634,000	3,999,000
8 St. Louis	242,000	437,000	225,000
9 Minneapolis	36,000	43,000	55,000
10 Kansas City	------	------	------
11 Dallas	296,000	510,000	521,000
12 San Francisco	9,156,000	8,440,000	11,450,000
Grand Total	$120,497,000	$116,814,000	$119,682,000

Increase for month $3,683,000 Increase for year $815,000

ACCORDING TO NATURE OF CREDIT

	Jan. 31, '44	Dec. 31, '43	Jan. 30, '43
Imports	$70,795,000	$65,926,000	$57,111,000
Exports	11,541,000	11,490,000	12,269,000
Domestic shipments	9,195,000	9,581,000	11,052,000
Domestic warehouse credits	20,203,000	20,889,000	27,349,000
Dollar exchange	130,000	64,000	359,000
Based on goods stored in or shipped between foreign countries	8,633,000	8,864,000	11,542,000

BILLS HELD BY ACCEPTING BANKS

Own Bills $55,355,000 Bills of others $38,275,000 Total $93,630,000
Increase for month $3,571,000

CURRENT MARKET RATES ON PRIME BANKERS ACCEPTANCES FEB. 14, 1944

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	1/2	7/16
60	1/2	7/16
90	1/2	7/16
120	9/16	1/2
150	5/8	9/16
180	5/8	9/16

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since Jan. 31, 1941:

1941—	$	1942—	$	1943—	$
Feb. 28	211,865,000	Feb. 28	190,010,000	Feb. 27	127,062,000
Mar. 31	217,312,000	Mar. 31	182,675,000	Mar. 31	129,818,000
Apr. 30	219,561,000	Apr. 30	177,293,000	Apr. 30	128,350,000
May 31	215,005,000	May 29	173,906,000	May 29	135,815,000
June 30	212,932,000	June 30	162,849,000	June 30	139,846,000
July 31	209,899,000	July 31	156,302,000	July 31	138,692,000
Aug. 30	197,472,000	Aug. 31	139,304,000	Aug. 31	130,244,000
Sept. 30	176,801,000	Sept. 30	123,494,000	Sept. 30	117,016,000
Oct. 31	184,806,000	Oct. 31	118,581,000	Oct. 30	114,883,000
Nov. 29	193,590,000	Nov. 30	116,067,000	Nov. 30	111,289,000
Dec. 31	194,220,000	Dec. 31	118,039,000	Dec. 31	116,814,000
1942—		1943—		1944—	
Jan. 31	197,278,000	Jan. 30	119,682,000	Jan. 31	120,497,000

Harris, Hall & Co. Financial Statement

In the annual report to the stockholders of Harris, Hall & Co. (Inc.) of Chicago for the calendar year 1943, Edward B. Hall, President, on Feb. 16, 1944, said in part:

"The net income of $107,547 for the year ended Dec. 31, 1943, was at the rate of about $1.87 per share with respect to the 57,333 shares of common stock, which were the only shares outstanding at the end of the year. A dividend of $1 per share was paid in December.

"Net worth at the end of the year was $1,243,044. Dividing this by the above number of shares gives a book value, or indicated liquidating value, of about $21.67 per share.

"Early in the year the company purchased in the market 602 shares of its common stock at prices well below book value. These are held in the treasury together with all the preferred stock and 2,060 shares of common previously purchased.

"During 1943 there was a moderate amount of new financing, largely for refunding purposes, and increased market activity. Government borrowing for the financing of the war was on an unprecedented scale and our organization devoted much time to the War Loan Drives, in connection with which neither banks nor investment houses receive any compensation, other than the satisfaction of serving the country."

SUMMARIES OF INCOME AND EXPENSES AND EARNED SURPLUS FOR YEARS ENDED DEC. 31

	1943	1942	1941
†Gross profits on sales and commissions earned	$336,430	$173,987	$216,333
Interest and dividends earned (net)	44,392	27,497	143,386
Total income	$380,822	$201,484	$359,719
Salaries	127,783	128,954	165,636
Taxes other than income taxes	17,992	10,544	27,884
Contributions to employees' trust fund	5,663	708	4,463
Office, traveling, legal and other miscell. expenses	53,084	47,423	72,322
Net income from operations	$176,300	$13,855	$89,413
Provision for Federal income taxes	¶68,753	400	4,608
Net income carried to earned surplus	$107,547	$13,455	$84,805
Balance earned surplus at close of previous year	374,155	363,301	337,684
Total	$481,702	$376,756	$422,489
Dividends on preferred stock	------	2,601	13,438
Dividends on common stock	57,338	------	45,750
Balance earned surplus at Dec. 31	‡$424,364	*$374,155	$363,301

*Earned surplus is restricted to the extent of the cost of treasury stock ($290,739) until such stock is sold or canceled. †After deducting losses realized and adjustment of securities owned to the lower of cost or market. ‡Earned surplus is restricted to the extent of the cost of treasury stock ($298,257) until such stock is sold or canceled. ¶Including $4,198 provision for prior years.

BALANCE SHEET, DEC. 31

ASSETS

	1943	1942	1941
*Cash in banks and on hand	$219,508	$267,802	$435,810
Interest accrued and dividends receivable	14,457	6,014	8,383
†Securities owned:			
Bonds	‡1,222,503	§804,551	853,069
Stocks	¶397,853	**108,384	60,573
Deposits under security underwriting commitments	78,400	19,500	18,000
Miscellaneous receivables, prepaid expenses, etc.	8,164	5,707	7,171
Total	$1,940,886	$1,211,959	$1,383,006

LIABILITIES

	1943	1942	1941
Bank loan	$601,000	------	------
Accounts payable	9,943	$2,637	$5,272
Customers' payments on securities not delivered	13,347	7,107	23,448
Accrued taxes other than Federal income taxes	3,332	1,417	4,038
Provision for Federal income taxes	64,556	445	2,973
Provision for contribution to employees trust fund	5,663	------	------
Preferred dividends payable	------	------	1,563
Capital stock:			
‡‡5% cumulative preferred stock (par $100)	250,000	250,000	250,000
Common stock (par $10)	600,000	600,000	610,000
§§Capital surplus	266,937	266,937	267,000
Earned surplus	424,364	374,155	353,301
††Less treasury stock at cost	298,257	290,739	144,589
Total	$1,940,886	$1,211,959	$1,383,006

*Including $40,000 in 1943, $20,000 in 1942 and $50.0000 in 1941 in special account to cover customers' payments on securities not delivered. †At the lower of cost or quoted market price. ‡Quoted market value, $1,228,597, and includes bonds carried at $446,402 pledged as collateral to bank loan. §Quoted market value, $807,004, and includes bonds carried at $24,420 deposited as guarantee. ¶Quoted market value, $399,591, and includes stocks carried at $244,154 pledged as collateral to bank loan. **Quoted market value, $109,071. ††Represented by 2,500 shares of 5% preferred stock ($267,644) and 2,662 shares of common stock ($30,613) at Dec. 31, 1943; 2,500 shares of 5% preferred stock ($267,644) and 2,060 shares of common stock ($23,095) at Dec. 31, 1942; and by 1,250 shares of 5% preferred stock ($134,526 and 1,000 shares of common stock ($10,063) at Dec. 31, 1941. ‡‡All in treasury. §§Arising from excess of cash received over par value of common stock issued therefor.

Note—Security underwriting commitments at Dec. 31, 1943, were approximately $1,100,000 at close of 1943, compared with $980,000 at Dec. 31, 1942 and $1,090,000 at close of 1941.

WLB Labor Members Urge Upward Revision Of "Little Steel" Formula To Meet Rising Cost

The assertion was made on Feb. 9 by the four American Federation of Labor members of the War Labor Board that the nation's workers cannot rely upon price control as it now functions to preserve their standards of living in again petitioning the Board to revise upward the Little Steel Formula limiting wage increases to 15% of the rates of January 1, 1941. Associated Press accounts from Washington reporting this went on to say:

The four petitioners — George Meany, Matthew Woll, Robert Watt and James Brownlow—asked the Board to request President Roosevelt to modify realistically an Executive Order limiting increases to the Little Steel Formula "as heretofore defined by the National War Labor Board for the rise in the cost of living between January 1, 1941, and May 1, 1942."

They asked also that employers be allowed to apply the increases without obtaining approval from the WLB.

The four A. F. of L. members called attention to recent investigations by the labor members of the President's cost-of-living committee whose report indicated living costs have risen 43.3% since January, 1941, or almost twice the amount shown by the Labor Department's cost-of-living index.

They said that the only recourse left to workers is to obtain wage rate increases which will adequately compensate them for the ever-widening disparity between wage rates and prices.

Moffatt Again Named President Of N. Y. Curb; New Governors—Committee Appointments

At the 34th inaugural meeting of the Board of Governors of the New York Curb Exchange on Feb. 15, Fred C. Moffatt, Chairman, was designated President Pro Tem. He succeeds himself, having held that office since July 1, 1942. At the annual election of the Exchange on Feb. 14 Mr. Moffatt was re-elected Chairman of the Board of Governors of the institution for one year. Mr. Moffatt has been a member of the Exchange since 1923 and served as President from 1935 to 1939.

At the inaugural meeting on Feb. 15 Edwin Posner, of Andrews, Posner & Rothschild, was re-elected Vice-Chairman of the Board to serve for one year. John T. Madden, Dean of New York University School of Commerce; Benjamin H. Namm, President of the Namm Department Store in Brooklyn, and Victor F. Ridder, publisher, were re-elected class C Governors for the fourth time to represent the public on the Curb Exchange Board. They are not engaged in the securities business.

The Board also approved appointments by the Chairman of officers, department heads and committees. Charles E. McGowan was re-named Secretary and director of the Department of Transactions; Christopher Hengeveld, Jr., Treasurer and Director of Department of Administration; Francis X. Gaudino, Assistant Treasurer; Henry H. Badenberger, Director of Department of Outside Supervision; and Martin J. Keena, Director of the Department of Securities.

Regarding the action of the annual election on Feb. 14 it is announced that five class A Governors regular members of the Exchange), six class B Governors (associate member or non-member partners doing business for the public), and a trustee of the gratuity fund were at that time elected. The class A Governors elected for a three-year term are Joseph F. Crowley of Thomson & McKinnon, Edwin Posner of Andrews, Posner & Rothschild, Edward J. Shean, Edward C. Werle of Johnson & Wood, and Martin Wohlgemuth of Ernst & Co.

The class B Governors are Chas. D. Halsey of Laird, Bissell & Meeds, Eugene S. Brooks of Coggeshall & Hicks, Charles E. Judson of C. E. Judson & Co., and Edward J. Cohan of Pershing & Co.—all elected for a three-year term. Joseph M. d'Assern of d'Assern & Co., was elected for a two-year term, and Dimitri Yassukovich of White, Weld & Co., was elected for the ensuing year. E. R. McCormick was elected a trustee of the Gratuity Fund for three years.

On Feb. 15 the six new Governors received assignments to committees. Mr. Crowley will serve on the Admissions, Arbitration, and Stock Transactions Committees, and the General Committee on Transactions. Mr. Werle will serve on the Arbitration Committee, General Committee on Transactions, Committee on Stock Transactions, and Committee on Public Relations. Mr. Brooks was appointed a member of the General Committee on Securities, Committee on Listing, General Committee on Outside Supervision, and Committee on Communications and Commissions. Mr. Cohan is a member of the General Committee on Outside Supervision. Mr. d'Assern will serve on the General Committees on Securities, Security Rulings, and Public Relations, and Mr. Yassukovich was appointed to the General Committee on Securities and the Committee on Listing.

Standing committee assignments for the year were announced as follows on Feb. 15:

Admissions—Edward J. Shean, Chairman; Andrew Baird, Thomas W. Bartsch, Joseph F. Crowley, John A. Ludlow, Frederick J. Roth, and Herbert G. Tully.

Arbitration—Benjamin B. McAlpin, Jr., Chairman; Thomas W. Bartsch, Joseph F. Crowley, Edward C. Werle and William S. Wilson.

Executive — Fred C. Moffatt, Chairman; Charles D. Halsey, Mortimer Landsberg, Benjamin B. McAlpin, Jr., William S. Muller, David U. Page, Edwin Posner and Albert G. Redpath.

General Committee on Securities—Mortimer Landsberg, Chairman; Eugene S. Brooks, Joseph M. d'Assern, Charles D. Halsey, William S. Muller, Herbert G. Tully, William S. Wilson, Morton Wohlgemuth and Dimitri Yassukovich.

Listing — Mortimer Landsberg, Chairman; Eugene S. Brooks, Charles D. Halsey, William S. Muller, H. G. Tully and Dimitri Yassukovich.

Security Rulings — William S. Muller, Chairman; Joseph M. d'Assern, William S. Wilson and Morton Wohlgemuth.

General Committee on Transactions—David U. Page, Chairman; Andrew Baird, Joseph F. Crowley, H. Lawrence Jones, John A. Ludlow, Edwin Posner, Frederick J. Roth, Edward J. Shean, Edward C. Werle and Morton Wohlgemuth.

Stock Transactions — David U. Page, Chairman; Andrew Baird, Joseph F. Crowley, H. Lawrence Jones, Edwin Posner, Frederick J. Roth and Edward C. Werle.

Bond Transactions—Edward J. Shean, Chairman; John A. Ludlow and Morton Wohlgemuth.

General Committee on Outside Supervision — Albert C. Redpath, Chairman; Eugene S. Brooks, Edward J. Cohan, Charles D. Halsey, H. Lawrence Jones, Paul L. Hughes, Charles E. Judson, Edwin Posner, Erward J. Shean, John P. Wark and John Whitney.

Member Firms—Albert G. Redpath, Chairman; H. Lawrence Jones, Paul L. Hughes and John Whitney.

Business Conduct—Edwin Posner, Chairman; Charles D. Halsey, Edward J. Shean and John P. Wark.

Communications and Commissions—Charles E. Judson, Chairman; Eugene S. Brooks, Edward J. Cohan and John Whitney.

Finance — William S. Muller, Chairman; H. Lawrence Jones, Mortimer Landsberg, John A. Ludlow, David U. Page, Frederick J. Roth and Edward J. Shean.

Public Relations — Herbert G. Tully, Chairman; Joseph M. d'Assern, Raymond A. McMann, Edward C. Werle, William S. Wilson and, in an advisory capacity, Benjamin H. Namm.

Wholesale Commodity Index Again Unchanged In Week Ended Feb. 12 Labor Dpt. Reports

There was little change in the general level of commodity prices during the week ended Feb. 12, said the U. S. Department of Labor on Feb. 17 which reported that "prices for fruits and eggs were seasonally lower and there were further slight advances in market prices for coal as the result of ceiling adjustments to take account of higher costs."

The Department states that the Bureau of Labor Statistics' comprehensive index of nearly 900 price series remained unchanged for the third consecutive week at 103.1% of the 1926 average. Average prices for these commodities in mid-February were 1% higher than at this time last year.

The Department likewise said:

"**Farm products and foods.** Seasonally lower prices for eggs and for fruits and vegetables together with a decrease of 1.3% of rye and 1% for wheat brought average prices for farm products in primary markets down 0.2% during the week. Higher prices were reported for livestock, cotton and oranges, and for potatoes in the New York market. In the past four weeks prices for farm products have dropped fractionally, but they are nearly 3% higher than for the corresponding week of last year.

"In addition to the decline for eggs, lower prices for lemons, onions and sweet potatoes, for apples at New York, and for white potatoes in the Boston and Chicago markets caused average prices for foods to drop 0.2% in the week ended Feb. 12. Slightly higher prices were reported for butter in the New Orleans market.

"**Industrial commodities.** Changes in industrial commodity markets were moderate and limited to a very few products. Prices for goatskins rose nearly 1% following the decline of the preceding week.

"Quotations for anthracite and bituminous coal advanced fractionally and petroleum products in the Pennsylvania region were up from 2 to 3%. Quicksilver again dropped about 3½%. Higher prices were reported for some types of farm machinery, under revised OPA regulation.

"In the building materials field, prices were adjusted upward for certain types of yellow pine lumber to balance production costs. Quotations were higher for roofing tile and for rosin."

The following notation is contained in the Department's advices:

During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) index numbers for the principal groups of commodities for the past three weeks, for Jan. 15, 1944, and Feb. 13, 1943, and the percentage changes from a week ago, a month ago, and a year ago and (2) percentage changes in subgroup indexes from Feb. 5 to Feb. 12, 1944.

WHOLESALE PRICES FOR WEEK ENDED FEB. 12, 1944
(1926=100)

						Percentage changes to Feb. 12 from—		
Commodity Groups—	2-12 1944	2-5 1944	1-29 1944	1-15 1944	2-13 1943	2-5 1944	1-15 1944	2-13 1943
All commodities	*103.1	*103.1	*103.1	*103.0	102.1	0	+0.1	+ 1.0
Farm products	121.9	122.1	122.6	122.1	118.6	—0.2	—0.2	+ 2.8
Foods	104.0	104.2	104.7	104.8	105.5	—0.2	—0.8	— 1.4
Hides and leather products	117.8	117.7	117.8	117.9	118.4	+0.1	—0.1	— 0.5
Textile products	97.2	97.2	97.2	97.2	96.8	0	0	+ 0.4
Fuel and lighting materials	83.5	83.2	83.1	82.7	80.4	+0.4	+1.0	+ 3.9
Metals and metal products	*103.8	*103.8	*103.8	*103.8	103.9	0	0	— 0.1
Building materials	113.7	113.5	113.5	113.4	110.1	+0.2	+0.3	+ 3.3
Chemicals and allied products	100.4	100.4	100.4	100.4	100.0	0	0	+ 0.4
Housefurnishing goods	104.4	104.4	104.4	104.4	104.1	0	0	+ 0.3
Miscellaneous commodities	93.0	93.0	93.0	93.0	90.6	0	0	+ 2.6
Raw materials	112.4	112.4	112.7	112.3	108.9	0	+0.1	+ 3.2
Semimanufactured articles	93.2	93.2	93.1	93.1	92.7	0	+0.1	+ 0.5
Manufactured products	*100.6	*100.5	*100.4	*100.4	100.5	+0.1	+0.2	+ 0.1
All commodities other than farm products	*99.1	*99.0	*99.0	*98.9	98.6	+0.1	+0.2	+ 0.5
All commodities other than farm products and foods	*98.1	*98.0	*98.0	*97.9	96.4	+0.1	+0.2	+ 1.8

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM FEB. 5, 1944 TO FEB. 12, 1944

Increases			
Anthracite	1.5	Livestock and poultry	0.2
Petroleum and products	0.8	Brick and tile	0.2
Lumber	0.3	Paint and paint materials	0.2
Hides and skins	0.2	Bituminous coal	0.1
Decreases			
Fruits and vegetables	1.1	Other farm products	0.3
Grains	0.5	Other foods	0.1
Non ferrous metals	0.1		

Decline In November Mortgage Financing In Non-Farm Areas

The steady month-to-month increase in the volume of mortgage financing in non-farm areas, evidence since the beginning of 1943, was broken in November, it is reported by the Federal Home Loan Bank Administration. However, it is stated, the estimated $354,000,000 of non-farm mortgages of $20,000 or less recorded in November represented a less-than-seasonal drop of 8% from October; was 27% greater than estimated for November, 1942; and was only 6% less than in November, 1941. The advices from the FHLBA added:

"With the exception of mutual savings banks, all types of lenders shared in the decline from October. Banks and trust companies suffered the sharpest decline, 13%, followed by savings and loan associations with a drop of 9%. Recordings by insurance companies and miscellaneous mortgagees declined 8% and those by individuals declined 6%.

"An examination of the table below reveals that the relative participation of the several types of lenders in the November mortgage market differs significantly from their participation one year earlier. For example, insurance companies, who recorded 9.3% of the November 1942 total, accounted for only 6.5% of the current month's volume. Similarly, bank and trust company participation dropped from 21.0% to 18.3%, and for "other" mortgagees participation dropped from 16.3% to 16.0%. The loss in relative participation by these types of mortgagees is reflected almost entirely in gains shown by individuals and savings and loan associations whose "per cent of total" in this year to year comparison increased 3.2 and 2.5 percentage points, respectively.

	—November, 1943—			—November, 1942—			Cumulative Recordings January-November		
Type of Lender	Volume (000)	% of Total	% Chg. from Oct.	Volume (000)	% of Total	% Chg. from Oct.	Volume (000) 1943	1942	% Change
S. & L. Assns.	$111,818	31.8	— 9.0	$80,970	29.1	—21.5	$1,136,329	$1,095,052	+ 3.8
Insurance Cos.	23,115	6.5	— 8.1	25,950	9.3	—20.3	257,678	338,440	—23.9
Bank & Tr. Cos.	64,877	18.3	—13.4	58,519	21.0	—26.1	685,529	828,660	—17.3
Mut. Svg. Bks.	15,141	4.3	+ 0.8	11,596	4.2	—21.7	140,142	155,034	— 9.6
Individuals	82,307	23.3	— 5.9	55,830	20.1	—17.4	781,249	678,490	+15.1
Others	56,415	16.0	— 7.5	45,456	16.3	—23.8	529,485	581,531	— 8.9
Total	$353,673	100.0	— 8.4	$278,321	100.0	—22.1	$3,530,412	$3,677,207	— 4.0

"During the first 11 months of 1943 mortgages of $20,000 or under recorded on non-farm property aggregated more than $3,500,000,000, only 4% less than in the same period of last year but 19% less than in the January-November period of 1941. The greatest contraction from 1942 to 1943 was shown by insurance companies, 24%, while banks and trust companies reported a decline of 17%. Increases were noted only for individuals, 15%, and savings and loan associations, 4%."

Civil Engineering Construction $37,043,000 For Week—Gains 60% Over Preceding Week

Civil engineering construction volume in continental United States totals $37,043,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 60% higher than in the preceding week, but is 62% below the total reported to "Engineering News-Record" for the corresponding 1943 week. The report made public on Feb. 17, continued as follows:

Public construction is up 84% compared with last week, but declined 63% from last year. Private work is 46 and 57% lower, respectively, than a week ago and a year ago.

The current week's construction brings 1944 volume to $252,235,000 for the seven weeks of the year, a decrease of 47% from the $478,422,000 reported for the corresponding 1943 period. Private construction, $50,272,000, is 36% higher than a year ago, but public work, $201,963,000, is 54% lower as a result of the 23% decline in State and municipal construction and the 55% drop in Federal volume.

Civil engineering construction volumes for the 1943 week, last week, and the current week are:

	Feb. 18, 1943	Feb. 10, 1944	Feb. 17, 1944
Total U. S. construction	$98,861,000	$23,151,000	$37,043,000
Private construction	5,386,000	4,243,000	2,293,000
Public construction	93,475,000	18,908,000	34,750,000
State and municipal	1,674,000	1,969,000	1,219,000
Federal	91,801,000	16,939,000	33,531,000

In the classified construction groups, gains over last week are in waterworks, bridges and unclassified construction. Increases over the 1943 week are in waterworks and industrial buildings. Subtotals for the week in each class of construction are: waterworks, $1,028,000; sewerage, $69,000; bridges, $28,000; industrial buildings, $818,000; commercial buildings and large-scale private housing, $1,475,000; public buildings, $9,537,000; earthwork and drainage, $287,000; streets and roads, $1,176,000; and unclassified construction, $22,625,000.

New capital for construction purposes for the week totals $2,750,000 and is made up entirely of State and municipal bond sales. New construction financing for 1944 to date totals $155,824,000 and compares with $14,667,000 for the corresponding seven-week period in 1943.

Non-Ferrous Metals — Copper Authorizations For March Heavy—Week's Lead Business Good

"E. & M. J. Metal and Mineral Markets," in its issue of Feb. 17, stated:

"Authorizations for March copper by the Copper Division, WPB, made their appearance during the last week. Requests for the metal were surprisingly large, owing to a combination of circumstances. Consumers find that the war program is taking more copper than earlier estimates indicated. At the turn of the year, inventories were allowed to decline to a level viewed as too low, these are being replenished. Demand points to near-record or possibly record copper deliveries for March. The less favorable January statistics attracted only mild interest. Lead was fairly active. Zinc and quicksilver were quiet."

The publication further went on to say in part:

Copper

The volume of business being placed for March delivery is larger than most observers expected. Some authorities now believe that at least 150,000 tons of copper will be moved next month, which contrasts sharply with 101,586 tons actually delivered to customers during the first month of the current year. The peak in deliveries for the war period to date was 150,451 tons in April, 1943. Foreign copper will be drawn upon extensively to round out March deliveries.

Lead

With the deadline for establishing March needs of foreign lead near at hand, buying of lead from domestic sources continued at a good rate throughout the week that ended Feb. 16. Sales for the week involved 10,217 tons, against 12,522 tons in the preceding week and 8,812 tons in the week ended Feb. 2. In spite of the recent activity in lead, the trade believes that total domestic consumption so far this year has averaged about 10% below the peak attained during the final quarter of 1943.

Zinc

An improvement in brass making is expected to make itself felt soon in an enlarged call for zinc. During the last week the market for zinc was inactive.

Mine production of zinc (recoverable zinc) in 1943 amounted to 740,587 tons, according to a preliminary estimate by the Bureau of Mines. This compares with 768,025 tons in 1942.

The Bureau estimates 1943 smelter output of zinc at 987,700 tons. Production by grades was: Special High Grade, 293,200 tons; Regular High Grade, 310,500 tons; Intermediate, 54,100 tons; Brass Special, 83,100 tons; Select 6,800 tons; and Prime Western, 242,000 tons.

Aluminum

Philip D. Wilson, director of the Aluminum and Magnesium Division, WPB, issued a statement Feb. 10 warning aluminum sheet producers that production must be increased immediately to meet 1944 requirements of the aircraft program. The trend in aircraft production is toward larger planes, and Mr. Wilson stated that the weight of frames for this year's production has been increased about 60%, compared with 1943. Though a surplus exists in supplies of pig aluminum, there is no surplus in aluminum sheet, he said.

Tin

A detinning plant constructed for the government in Birmingham, Ala., has been placed in operation. The plant has a capacity for treating about 20,000 tons of old cans a year. Production will be supervised by the Johnston & Jennings Co., Cleveland, Ohio.

The over-all supply situation in tin remains about unchanged. Metal is being released for essential needs only. Quotations continued on the basis of 52c. a pound for Straits quality tin. Futures were nominally as follows, in cents a pound:

	Feb.	March	April
Feb. 10	52.000	52.000	52.000
Feb. 11	52.000	52.000	52.000
Feb. 12		HOLIDAY	
Feb. 14	52.000	52.000	52.000
Feb. 15	52.000	52.000	52.000
Feb. 16	52.000	52.000	52.000

Chinese, or 99% tin, was 51.125c. all week.

Quicksilver

Quiet prevailed in the New York market for quicksilver, and most sellers viewed prices as steady at $130 to $135 per flask. Should production decline to the extent that a balanced condition between supply and demand is finally attained, the price structure could easily strengthen, the trade believes. Forward material on the Pacific Coast was more or less nominal.

Inventories were held down to a minimum during the first month of the year.

Silver

Refineries operating in this country produced 104,738,000 oz. of silver during 1943, of which total 45,305,000 oz. was obtained from domestic sources and 59,433,000 from foreign material, the American Bureau of Metal Statistics reports. The last-named figure excludes production from refining of foreign coin and retreatment of foreign refined bullion.

The London market was unchanged last week at 23½d. The New York Office for foreign silver continued at 44¾c., with domestic metal at 70⅝c.

Daily Prices

The daily prices of electrolytic copper (domestic and export refinery) lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Two States Added To ABA 100% Member List

Colorado and North Dakota were added during January to the list of States having 100% membership in the American Bankers Association, it is announced by Robert L. Dominick, Chairman of the Association's Organization Committee, who is Vice-President of the Traders Gate City National Bank of Kansas City, Missouri. With the addition of Colorado and North Dakota, the 100% membership list now includes nine States and the District of Columbia. The other States are Nevada, Utah, Louisiana, Idaho, Oregon, Arizona and New Mexico. The activities of the Organization Committee in Colorado are under the direction of A. F. Cruse, ABA State Vice-President, and W. J. Breidenthal, Regional Vice-President. In North Dakota, the Committee's activities are under the State Vice-Presidency of R. A. H. Brandt. Herman C. Matzke is Regional Vice-President of the area in which North Dakota is located.

Altogether, 76 banks in all parts of the country, says the announcement, became members of the ABA during the month of January. The total since Sept. 1, last, the beginning of the Association's current year, was 588 banks on Feb. 1.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Feb. 14 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Jan. 29, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Jan. 29 (in round-lot transactions) totaled 1,324,496 shares, which amount was 16.69% of the total transactions on the Exchange of 3,969,070 shares. This compares with member trading during the week ended Jan. 22 of 1,653,579 shares, or 17.83% of total trading of 4,634,140 shares. On the New York Curb Exchange, member trading during the week ended Jan. 29 amounted to 386,010 shares, or 14.82% of the total volume on that exchange of 1,302,475 shares; during the Jan. 22 week trading for the account of Curb members of 359,950 shares was 14.69% of total trading of 1,224,920 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED JAN. 29, 1944

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	102,730	
‡Other sales	3,866,340	
Total sales	3,969,070	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	339,760	
Short sales	46,330	
‡Other sales	300,420	
Total sales	346,750	8.65
2. Other transactions initiated on the floor—		
Total purchases	192,980	
Short sales	10,150	
‡Other sales	209,570	
Total sales	219,720	5.20
3. Other transactions initiated off the floor—		
Total purchases	106,200	
Short sales	7,000	
‡Other sales	112,086	
Total sales	119,086	2.84
4. Total—		
Total purchases	638,940	
Short sales	63,480	
‡Other sales	622,076	
Total sales	685,556	16.69

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED JAN. 29, 1944

	Total for Week	†%
A. Total Round-Lot Sales:		
Short sales	9,070	
‡Other sales	1,293,405	
Total sales	1,302,475	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	97,910	
Short sales	4,870	
‡Other sales	114,755	
Total sales	119,625	8.35
2. Other transactions initiated on the floor—		
Total purchases	43,975	
Short sales	2,000	
‡Other sales	38,780	
Total sales	40,780	3.25
3. Other transactions initiated off the floor—		
Total purchases	43,930	
Short sales	100	
‡Other sales	39,690	
Total sales	39,790	3.22
4. Total—		
Total purchases	185,815	
Short sales	6,970	
‡Other sales	193,225	
Total sales	200,195	14.82
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	50	
§Customers' other sales	49,737	
Total purchases	49,787	
Total sales	34,550	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Commercial Paper Outstanding

The Federal Reserve Bank of New York announced on Feb. 15 that reports received by the bank from commercial paper dealers show a total of $208,900,000 of open market paper outstanding on Jan. 31. This was a decline of $6,900,000 from the revised Dec. 31 total of $202,000,000, and a decline of $11,500,000 from the Jan. 30, 1943 total of $220,400,000.

Following are the totals for the last two years:

1944—	$	1943—	$
Jan 31	208,900,000	Jan 30	220,400,000
1943—		1942—	
Dec 31	202,000,000	Dec 31	229,900,000
Nov 30	203,300,000	Nov 30	260,600,000
Oct 30	187,800,000	Oct 31	271,400,000
Sep 30	169,500,000	Sep 30	281,800,000
Aug 31	156,200,000	Aug 31	297,200,000
July 31	149,800,000	July 31	305,300,000
Jun 30	143,300,000	Jun 30	315,200,000
May 29	159,600,000	May 29	354,200,000
Apr 30	178,900,000	Apr 30	373,100,000
Mar 31	200,600,000	Mar 31	384,300,000
Feb 27	209,100,000	Feb 28	388,400,000

Daily Average Crude Oil Production For Week Ended Feb. 12, 1944 Only Off 1,000 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Feb. 12, 1944 was 4,399,500 barrels, a decrease of 1,000 barrels per day when compared with the preceding week and 19,650 barrels per day less than the daily average recommended by the Petroleum Admiinstration for War for the month of February, 1944. The current figure, however, is 528,350 barrels per day in excess of that recorded for the week ended Feb. 13, 1943. Daily output for the four weeks ended Feb. 12, 1944 averaged 4,399,500 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,228,000 barrels of crude oil daily and produced 13,101,000 barrels of gasoline; 1,640,000 barrels of kerosine; 3,946,000 barrels of distillate fuel oil, and 9,000,000 barrels of residual fuel oil during the week ended Feb. 12, 1944; and had in storage at the end of that week 82,322,000 barrels of gasoline; 7,545,000 barrels of kerosine; 34,854,000 barrels of distillate fuel, and 52,453,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations February	*State Allowables Begin. Feb. 1	Actual Production Week Ended Feb. 12, 1944	Actual Production Change from Previous Week	4 Weeks Ended Feb. 12, 1944	Week Ended Feb. 13, 1943
Oklahoma	328,000	328,000	†327,200	— 1,300	328,600	352,600
Kansas	285,000	269,400	†281,750	+ 14,850	279,100	299,850
Nebraska	1,200	----	†1,100	----	1,200	2,350
Panhandle Texas			102,000	----	99,950	88,900
North Texas			139,950	----	140,100	135,350
West Texas			362,000	----	363,300	213,900
East Central Texas			110,250	----	113,300	100,000
East Texas			390,600	----	378,400	325,100
Southwest Texas			288,250	----	290,900	157,750
Coastal Texas			516,600	----	518,700	320,000
Total Texas	1,886,000	‡1,916,693	1,909,650	----	1,904,650	1,341,000
North Louisiana			77,200	— 1,550	77,550	91,550
Coastal Louisiana			283,100	----	282,000	246,550
Total Louisiana	348,700	370,200	360,300	— 1,550	359,550	338,100
Arkansas	76,600	78,591	78,800	+ 50	78,550	75,700
Mississsippi	46,000		43,950	— 1,850	44,950	56,900
Illinois	215,000		203,850	—14,550	211,050	245,200
Indiana	14,000		14,350	+ 1,050	13,550	15,700
Eastern— (Not incl. Ill., Ind., Ky.)	72,200		69,450	— 2,100	71,500	74,900
Kentucky	25,200		22,900	+ 1,150	22,400	19,650
Michigan	50,000		53,400	+ 1,800	52,350	63,200
Wyoming	93,000		98,500	+ 150	96,150	86,850
Montana	23,700		20,950	----	21,000	21,450
Colorado	7,000		8,450	— 50	7,700	7,250
New Mexico	110,700	110,700	113,050	+ 50	113,050	96,600
Total East of Calif.	3,582,300		3,607,650	— 2,300	3,605,350	3,097,300
California	836,500	§836,500	791,500	+ 1,300	794,150	773,500
Total United States	4,418,800		4,399,150	— 1,000	4,399,500	3,870,800

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Feb. 10, 1944.

‡This is the net basic allowable as of Feb. 1 calculated on a 29-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 14 days, the entire state was ordered shut down for 8 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 8 days shutdown time during the calendar month. §Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED FEB. 12, 1944

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast Texas Gulf, Louisiana Gulf, North Louisiana-Arkansas, and inland Texas	2,448	90.0	2,081	85.0	6,172	36,060	16,755	15,088
Appalachian—								
District No. 1	130	83.9	91	70.0	258	2,029	762	158
District No. 2	47	87.2	50	106.4	152	1,241	141	223
Ind., Ill., Ky.	824	85.2	754	91.5	2,695	17,879	5,665	3,013
Okla., Kans., Mo.	416	80.1	357	85.8	1,238	7,844	1,720	1,248
Rocky Mountain—								
District No. 3	8	26.9	11	137.5	34	72	20	31
District No. 4	141	58.3	87	61.7	334	1,801	355	566
California	817	89.9	797	97.6	2,218	15,396	9,436	32,126
Total U. S. B. of M. basis Feb. 12, 1944	4,831	87.1	4,228	87.5	13,101	†82,322	34,854	52,453
Total U. S. B. of M. basis Feb. 5, 1944	4,831	87.1	4,324	89.5	**13,192	81,784	¶36,023	52,734
U. S. Bur. of Mines basis Feb. 13 1943			3,569		10,452	91,758	36,888	70,815

*At the request of the Petroleum Administration for War. †Finished, 71,774,000 barrels; unfinished, 10,548,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,640,000 barrels of kerosine, 3,946,000 barrels of gas oil and distillate fuel oil and 9,000,000 barrels of residual fuel oil produced during the week ended Feb. 12, 1944, which compares with 1,648,000 barrels, 4,138,000 barrels and 9,087,000 barrels, respectively, in the preceding week and 1,463,000 barrels, 4,079,000 barrels and 7,688,000 barrels, respectively, in the week ended Feb. 13, 1943. ¶On new basis in Combined Area due to reclassification of 130,000 barrels as "other Oils." **Revised in Indiana, Illinois, Kentucky district due to error by reporting company.

Notes—Stocks of kerosine at Feb. 12, 1944 amounted to 7,545,000 barrels, as against 8,130,000 barrels a week earlier and 6,673,000 barrels a year before.

The East Coast (District No. 1) index numbers previously published have been temporarily suspended.

More Freight Cars Put In Service In January

Class I railroads on Feb. 1, 1944, had 33,411 new freight cars on order, the Association of American Railroads announced on Feb. 21. This included 12,567 hopper, 4,430 gondolas, 1,352 flat, 10,277 plain box, 3,385 automobile, 1,200 refrigerator and 200 stock freight cars. On Jan. 1, they had 35,737 on order, and on Feb. 1, 1943, a total of 19,281.

The class I railroads also had 863 locomotives on order on Feb. 1, this year, compared with 955 on Jan. 1 and 471 on Feb. 1, 1943. The number on order on Feb. 1, 1944, included 303 steam, two electric and 558 Diesel locomotives contrasted with 335 steam and 136 electric and Diesel one year ago.

The class I railroads put 2,856 freight cars in service in January, 1944, which included 1,310 hopper, 474 gondola, 163 flat, 123 automobile box and 786 plain box freight cars. In January, last year, the railroads placed 1,683 freight cars in service.

Of the 92 new locomotives put in service in January, 36 were steam, one electric and 55 Diesel. New locomotives installed in January, 1943, totaled 49, of which 44 were steam and five were electric and Diesel.

The ODT reported 36 new locomotives on order on Feb. 1, but no new locomotives installed in January by other than class I carriers. This brings to 899 the total of new locomotives on order on Feb. 1, by all classes of railroads.

President Pays Tribute To Boy Scouts Of America

President Roosevelt, paying tribute to the Boy Scouts of America on their 34th anniversary, said on Feb. 7 that the war might have been averted if the world has been guided by the principles of Scouting. We quote from United Press advices from Washington, which further said:

Mr. Roosevelt, honorary Scout President and active in the organization for years, praised its members for a "superb record of war service."

"But carry on your normal Scouting, too," he said. "It will be of lasting value to you as you grow into manhood. Live democracy in your troops and in your home.

"If the people of all countries had taken the basic philosophy of Scouting to heart, perhaps there would never have been a second world war."

Lumber Movement—Week Ended February 12, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 498 mills reporting to the National Lumber Trade Barometer were 5.7% above production for the week ended Feb. 12, 1944. In the same week new orders of these mills were 3.0% greater than production. Unfilled order files of the reporting mills amounted to 105% of stocks. For reporting softwood mills, unfilled orders are equivalent to 38 days' production at the current rate and gross stocks are equivalent to 34 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 5.6%; orders by 11.6%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 57.4% greater; shipments were 45.5% greater; and orders were 34.2% greater.

Revenue Freight Car Loadings During Week Ended Feb. 12, 1944 Decreased 10,813 Cars

Loading of revenue freight for the week ended Feb. 12, 1944, totaled 795,262 cars, the Association of American Railroads announced on Feb. 17. This was an increase above the corresponding week of 1943 of 29,991 cars, or 3.9%, and an increase above the same week in 1942 of 12,561 cars or 1.6%.

Loading of revenue freight for the week of Feb. 12 decreased 10,813 cars, or 1.3% below the preceding week.

Miscellaneous freight loading totaled 365,745 cars, a decrease of 7,884 cars below the preceding week, but an increase of 1,569 cars above the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 99,385 cars, a decrease of 3,090 cars below the preceding week, but an increase of 5,314 cars above the corresponding week in 1943.

Coal loading amounted to 187,352 cars, an increase of 4,210 cars above the preceding week, and an increase of 8,937 cars above the corresponding week in 1943.

Grain and grain products loading totaled 54,352 cars, a decrease of 918 cars below the preceding week but an increase of 6,137 cars above the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of Feb. 12, totaled 38,191 cars, a decrease of 647 cars below the preceding week but an increase of 5,374 cars above the corresponding week in 1943.

Live stock loading amounted to 14,814 cars, a decrease of 522 cars below the preceding week, but an increase of 2,372 cars above the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of Feb. 12, totaled 10,808 cars, a decrease of 234 cars below the preceding week, but an increase of 2,013 cars above the corresponding week in 1943.

Forest products loading totaled 44,600 cars, a decrease of 1,671 cars below the preceding week but an increase of 6,276 cars above the corresponding week in 1943.

Ore loading amounted to 13,964 cars, a decrease of 907 cars below the preceding week and a decrease of 61 cars below the corresponding week in 1943.

Coke loading amounted to 15,050 cars, a decrease of 31 cars below the preceding week, and a decrease of 553 cars below the corresponding week in 1943.

All districts reported increases compared with the corresponding week in 1943 except the Southern and Southwestern. All districts reported increases compared with 1942 except the Eastern, Southern and Northwestern.

	1944	1943	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
Week of February 5	806,075	755,514	783,962
Week of February 12	795,262	765,271	782,701
Total	5,397,814	5,052,596	5,425,142

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Feb. 12, 1944. During the period 84 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED FEB. 12

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
Eastern District—	1944	1943	1942	1944	1943
Ann Arbor	261	262	661	1,540	1,280
Bangor & Aroostook	2,153	2,450	1,959	283	187
Boston & Maine	6,414	5,920	8,229	14,758	14,597
Chicago, Indianapolis & Louisville	1,422	1,353	1,393	2,078	2,046
Central Indiana	29	38	25	43	55
Central Vermont	975	891	1,342	2,221	2,102
Delaware & Hudson	6,006	6,366	6,609	12,823	11,835
Delaware, Lackawanna & Western	7,538	7,558	8,923	10,188	10,544
Detroit & Mackinac	217	210	277	111	111
Detroit, Toledo & Ironton	1,993	1,808	2,293	1,817	2,144
Detroit & Toledo Shore Line	300	292	307	3,717	3,609
Erie	12,797	12,054	14,222	20,333	19,055
Grand Trunk Western	3,754	3,867	4,508	9,696	8,733
Lehigh & Hudson River	193	184	208	3,111	3,062
Lehigh & New England	1,941	1,966	1,702	1,476	1,560
Lehigh Valley	8,551	8,305	8,737	15,072	12,146
Maine Central	2,373	2,457	3,496	4,110	4,022
Monongahela	6,526	6,451	6,079	304	359
Montour	2,471	2,624	1,799	28	24
New York Central Lines	45,446	43,495	45,518	57,002	57,363
N. Y., N. H. & Hartford	9,567	9,478	12,592	18,415	17,786
New York, Ontario & Western	1,218	1,018	1,075	2,640	2,268
New York, Chicago & St. Louis	6,317	7,189	7,132	17,245	15,178
N. Y., Susquehanna & Western	500	448	530	2,533	1,336
Pittsburgh & Lake Erie	7,493	7,374	7,816	8,005	8,202
Pere Marquette	4,559	4,261	5,345	8,161	7,963
Pittsburg & Shawmut	950	735	550	29	10
Pittsburg, Shawmut & North	358	360	391	252	241
Pittsburgh & West Virginia	1,148	798	662	2,683	4,175
Rutland	349	296	491	1,032	841
Wabash	6,021	5,799	5,722	12,567	12,583
Wheeling & Lake Erie	4,807	4,942	4,543	4,843	6,040
Total	154,727	151,249	165,136	239,116	231,457
Allegheny District—					
Akron, Canton & Youngstown	650	780	734	1,321	1,197
Baltimore & Ohio	43,353	38,898	39,253	28,402	28,531
Bessemer & Lake Erie	3,181	3,331	3,153	1,580	1,777
Buffalo Creek & Gauley	350	316	303	4	3
Cambria & Indiana	1,710	2,009	1,964	10	4
Central R. R. of New Jersey	6,949	6,617	7,583	22,318	20,674
Cornwall	589	488	619	73	75
Cumberland & Pennsylvania	223	252	321	14	9
Ligonier Valley	159	98	119	58	27
Long Island	1,240	948	873	3,745	3,865
Penn-Reading Seashore Lines	1,631	1,552	1,769	2,696	2,502
Pennsylvania System	77,600	74,106	77,762	66,174	62,889
Reading Co.	14,796	14,536	16,141	31,571	29,636
Union (Pittsburgh)	20,113	20,955	20,126	4,515	4,811
Western Maryland	4,608	3,958	3,987	14,930	14,303
Total	177,152	168,844	174,707	177,411	170,303
Pocahontas District—					
Chesapeake & Ohio	29,884	28,150	23,566	12,162	11,052
Norfolk & Western	22,753	22,651	20,920	8,246	7,881
Virginian	4,886	5,114	3,953	2,299	2,147
Total	57,523	55,915	48,439	22,707	21,080
Southern District—	1944	1943	1942	1944	1943
Alabama, Tennessee & Northern	315	333	395	373	336
Atl. & W. P.—W. R. R. of Ala.	867	833	921	2,692	2,479
Atlanta, Birmingham & Coast	798	675	830	1,575	1,409
Atlantic Coast Line	13,337	14,731	13,072	11,581	10,628
Central of Georgia	3,697	4,010	4,499	5,207	4,830
Charleston & Western Carolina	355	440	423	1,846	1,651
Clinchfield	1,726	1,683	1,605	3,951	2,933
Columbus & Greenville	289	355	262	320	205
Durham & Southern	115	112	189	921	506
Florida East Coast	3,385	3,243	1,467	2,012	1,684
Gainesville Midland	39	40	37	147	97
Georgia	980	1,507	1,514	2,504	2,699
Georgia & Florida	357	428	406	906	537
Gulf, Mobile & Ohio	4,104	3,724	4,448	4,460	5,414
Illinois Central System	28,727	28,331	28,913	18,213	17,268
Louisville & Nashville	25,410	25,123	24,711	11,977	11,672
Macon, Dublin & Savannah	173	167	204	954	865
Mississippi Central	364	214	138	645	573
Nashville, Chattanooga & St. L.	3,163	3,354	3,364	4,942	5,031
Norfolk Southern	1,127	1,204	1,201	1,834	1,647
Piedmont Northern	383	346	526	1,878	1,077
Richmond, Fred. & Potomac	402	381	445	11,944	9,492
Seaboard Air Line	10,875	10,796	10,745	9,905	9,145
Southern System	22,112	22,021	24,695	26,114	24,721
Tennessee Central	648	505	558	1,091	907
Winston-Salem Southbound	133	111	147	1,072	1,233
Total	123,881	124,667	125,715	129,064	119,039
Northwestern District—					
Chicago & North Western	15,684	14,390	18,152	14,213	12,403
Chicago Great Western	2,759	2,459	2,819	3,514	3,060
Chicago, Milw., St. P. & Pac.	20,596	18,826	21,686	10,487	10,428
Chicago, St. Paul, Minn. & Omaha	3,772	3,646	4,512	4,076	3,612
Duluth, Missabe & Iron Range	1,512	1,241	1,157	279	297
Duluth, South Shore & Atlantic	811	543	774	635	520
Elgin, Joliet & Eastern	8,570	9,101	10,027	11,292	10,855
Ft. Dodge, Des Moines & South	443	415	492	120	115
Great Northern	11,755	9,575	11,308	5,304	4,695
Green Bay & Western	522	470	540	966	882
Lake Superior & Ishpeming	298	213	371	74	49
Minneapolis & St. Louis	2,105	1,863	2,189	2,337	2,033
Minn., St. Paul & S. S. M.	*5,431	4,444	5,693	*3,910	3,223
Northern Pacific	10,378	8,353	10,391	5,471	4,213
Spokane International	137	43	93	796	444
Spokane, Portland & Seattle	2,458	1,537	2,693	2,746	2,946
Total	87,231	77,119	92,897	66,220	59,775
Central Western District—					
Atch., Top. & Santa Fe System	21,501	20,571	20,877	13,174	12,350
Alton	2,919	3,031	3,300	4,164	4,305
Bingham & Garfield	481	537	529	72	77
Chicago, Burlington & Quincy	20,559	17,526	17,058	10,894	12,068
Chicago & Illinois Midland	2,871	2,767	3,055	817	919
Chicago, Rock Island & Pacific	11,670	11,845	11,784	12,771	13,624
Chicago & Eastern Illinois	2,761	2,300	3,006	6,109	6,230
Colorado & Southern	785	748	747	2,177	1,803
Denver & Rio Grande Western	3,534	3,705	2,651	5,324	5,886
Denver & Salt Lake	927	909	532	8	8
Fort Worth & Denver City	787	1,007	1,170	1,370	970
Illinois Terminal	1,949	1,753	2,068	1,718	1,718
Missouri-Illinois	967	870	1,159	512	507
Nevada Northern	1,896	2,068	1,988	140	131
North Western Pacific	812	960	957	846	684
Peoria & Pekin Union	13	27	10	0	0
Southern Pacific (Pacific)	29,850	26,289	27,252	15,975	12,691
Toledo, Peoria & Western	380	268	275	1,889	1,723
Union Pacific System	15,220	13,565	14,838	15,721	13,703
Utah	677	608	358	11	2
Western Pacific	1,459	1,961	2,119	2,515	2,831
Total	122,018	113,315	115,743	96,207	92,230
Southwestern District—					
Burlington-Rock Island	275	683	124	498	165
Gulf Coast Lines	7,832	6,651	4,666	2,578	2,489
International-Great Northern	1,930	3,414	2,338	4,004	3,507
Kansas, Oklahoma & Gulf	252	357	357	1,189	989
Kansas City Southern	5,466	4,920	3,464	2,592	2,586
Louisiana & Arkansas	3,208	3,934	2,621	2,717	2,382
Litchfield & Madison	322	319	325	1,233	1,005
Midland Valley	807	654	500	437	271
Missouri & Arkansas	215	141	229	451	411
Missouri-Kansas-Texas Lines	5,395	6,147	4,995	4,910	6,931
Missouri Pacific	16,745	16,723	16,618	21,358	18,563
Quanah Acme & Pacific	116	113	109	340	180
St. Louis-San Francisco	8,193	9,140	8,753	10,227	8,903
St. Louis Southwestern	2,961	3,634	3,407	7,212	6,574
Texas & New Orleans	13,452	13,348	7,514	5,680	5,628
Texas & Pacific	5,465	3,872	4,026	8,256	8,206
Wichita Falls & Southern	71	85	139	58	36
Weatherford M. W. & N. W.	19	27	29	44	92
Total	72,730	74,162	60,064	73,784	68,923

Note—Previous year's figures revised. *Previous week's figures.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
1943—Week Ended				Current	Cumulative
Nov. 6	172,441	147,467	608,782	93	93
Nov. 13	153,126	149,295	608,893	95	93
Nov. 20	126,726	146,286	587,715	94	93
Nov. 27	134,959	142,136	578,434	91	93
Dec. 4	177,664	149,803	602,789	95	93
Dec. 11	146,662	148,826	600,323	96	93
Dec. 18	139,654	148,431	589,659	96	93
Dec. 25	119,487	136,120	569,689	87	93
1944—					
Jan. 1	121,212	92,328	589,815	63	93
Jan. 8	160,567	138,381	612,043	86	86
Jan. 15	153,097	146,596	614,215	93	90
Jan. 22	131,940	140,457	602,930	93	91
Jan. 29	145,735	147,423	597,011	95	92
Feb 5	185,069	151,102	628,048	97	93
Feb. 12	154,797	151,870	630,449	97	94

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

NYSE Odd-Lot Trading.

The Securities and Exchange Commission made public on Feb. 14 a summary for the week ended Feb. 5 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Feb. 5, 1944

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	19,243
Number of shares	491,952
Dollar value	$20,173,795
Odd-Lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	261
*Customers' other sales	16,634
Customers' total sales	16,895
Number of Shares:	
Customers' short sales	8,413
*Customers' other sales	428,965
Customers' total sales	437,378
Dollar value	$14,764,370
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	160
†Other sales	127,470
Total sales	127,630
Round-lot Purchases by Dealers—	
Number of shares	173,240

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Market Transactions In Govts. For January

Market transactions in direct and guaranteed securities of the Government for Treasury investment and other accounts resulted in net sales of $9,924,000 during January, Secretary of the Treasury Morgenthau announced on Feb. 15. In December there were net purchases of $4,800.000.

The following tabulation shows the Treasury's transactions in Government securities for the last two years:

1942—		
February	$29,980,000	purchased
March	5,814.450	purchased
April	300,000	purchased
May	16,625	purchased
June	250,000	sold
July	2,295,000	sold
August	8,446,000	sold
September	4,500.000	sold
October	1,000,800	sold
November	No sales or	purchases
December	No sales or	purchases
1943—		
January	$14,500,000	sold
February	90,300,000	sold
March	72,927,750	sold
April	400,000	purchased
May	35,200,000	sold
June	145.768,000	sold
July	67,757,200	sold
August	15,800,000	sold
September	2,651,600	sold
October	No sales or	purchases
November	$5.000.000	sold
December	4,800,000	purchased
1944—		
January	9,924,000	sold

Part of San Paulo Coffee Realization Loan Retired

J. Henry Schroder Banking Corporation announces that an additional £440,100 nominal amount of the Sterling issue and $1,546,000 nominal amount of the Dollar issue of the State of San Paulo 7% Coffee Realization Loan of 1930 have been retired through the sinking fund. The bonds have been cancelled, leaving £5,171,600 of the Sterling Tranche and $13,100,000 of the Dollar Tranche outstanding. It is also announced:

"According to advices received from Banco de Commercio e Industria de Sao Paulo, S. A., Sao Paulo, Brazil, after the release of pledged coffee in proportion to the bonds so retired, there remain 1,244,082 bags of Government coffee and 5,492,440 bags of planters coffee pledged for the loan."

Items About Banks, Trust Companies

S. Sloan Colt, President of Bankers Trust Co. of New York, announced on Feb. 15 the election of W. Earle Blakeley as an Assistant Vice-President, at a meeting of the board of directors, held that day. Mr. Blakeley was born in Ottawa in 1903 and became a citizen of the United States in 1930. He was associated with the Bank of Montreal from 1919 to 1923. In that year he joined the National Bank of Commerce, Detroit, remaining with that bank throughout various mergers until it became a part of the Guardian National Bank, of which Mr. Blakeley was a Vice-President and with which he remained until 1933. Upon the organization of the National Bank of Detroit in 1933, Mr. Blakeley joined that bank as Assistant Vice-President, organizing the bank's credit department and for the past two years has been an active lending officer. He became Vice-President of the National Bank of Detroit in 1939, resigning from that position in January, 1944.

Harry E. Ward, Chairman of Irving Trust Co. of New York, announced the promotion on Feb. 17 of Frank E. Fischer from Assistant Vice-President to Vice-President. Mr. Fischer has been associated with the Irving Trust Co. and the predecessor — the Columbia Trust Co.—since 1917.

In order to take care of the growing number of transactions pertaining to special checking accounts, personal loans and the sale of War Bonds and stamps, Manufacturers Trust Co. recently announced that, beginning Feb. 21, the transactions pertaining to these services will be handled on the main floor of 43 Beaver St., where complete new banking facilities have been installed. These premises are located two doors east of the bank's principal office at 55 Broad Street.

Manufacturers Trust Co. of New York on Feb. 18, drew by lot 14,886 shares of convertible preferred stock for redemption on March 24, 1944, at $50 per share, plus the accumulated dividend of 38 cents per share from Jan. 16 to the date of redemption. Notice of the redemption has been mailed to those whose shares have been selected, and copies of the certificate numbers for the shares drawn are available at the office of the company.

William Fellowes Morgan, Jr., has been elected a trustee of The Bank for Savings in the City of New York. Mr. Morgan is Chairman of the Board of the Brooklyn Bridge Freezing and Cold Storage Co. His father was a trustee of The Bank for Savings from 1919 to 1941.

C. Arthur Kenney was appointed an Assistant Secretary of the Brooklyn Trust Co., Brooklyn, N. Y., at a meeting of the Board of Trustees of the company held Feb. 17, 1944. Mr. Kenney has been with the company since January, 1933, and is assigned to the Corporate Trust Department at the company's New York office, 26 Broad Street, New York City.

Frederick H. Viemeister, an Assistant Secretary of the Brooklyn Trust Co., has been elected a Director of the East Brooklyn Savings & Loan Association of Brooklyn, New York, it was announced on Feb. 17 by Clifford F. Post, President of the Association. Mr. Viemeister is Regional Supervisor of Brooklyn Trust Co. branch offices in the Broadway region of Brooklyn. He also is Treasurer of the Broadway Merchants Chamber of Commerce.

The New York State Banking Department reported on Feb. 10 that it had given its approval to a certificate of change of name of the Morris Plan Industrial Bank of Binghamton, N. Y., to "the Industrial Bank of Binghamton."

Feb. 18 marked the 80th anniversary of the First National Bank of Jersey City, N. J. It was on Feb. 18, 1864, at a time when new credit facilities had been made necessary by the Civil War, that the bank opened its doors at 1 Exchange Place, the site it still occupies. Operating under the same name it has had ever since it was organized, the First National Bank has enjoyed uninterrupted growth in both size and prestige. Eighty years ago the bank occupied only one room, which was rented, and had a capital of $200,000. Today I Exchange Place is a 10-story building, and the bank, in addition to operating three branches, has total assets of more than $88,000,000. Nationwide depressions have had little effect on the continued progress of the bank, and the payment of dividends has been uninterrupted since the year it was founded. In an anniversary message to the officers and employees, Kelley Graham, President, expressed his appreciation for their loyalty. Nineteen of the bank's personnel, including Mr. Graham, have served 20 years or more.

Max Perlman was elected President of the Washington Trust Company of Pittsburgh at a meeting of the board of directors on Jan. 28, it is learned from the Pittsburgh "Post Gazette," which stated that he succeeds the late William C. McEldowney.

Mr. Perlman has been associated with the institution for 40 years, serving for the past 30 years as Treasurer.

At the same meeting, Charles H. Sachs and former State Senator Frank J. Harris were elected Vice-Presidents.

It is announced by the Board of Governors of the Federal Reserve System that the State Savings Bank of Escanaba, Mich., a State member bank of the Reserve System, has changed its title to State Bank of Escanaba.

The American National Bank of Pensacola, Fla., announces with regret the death of its Vice-President, Charles W. Lamar, on Feb. 13.

At the regular meeting on Feb. 15 of the board of directors of Citizens National Trust & Savings Bank, of Los Angeles, the following promotions were announced: L. G. Brittingham, former Assistant Vice-President, to Vice-President; H. W. Brown, former Junior Vice-President and Manager, Hollywood - McCadden branch, was elected a Vice-President; E. M. Peterson was promoted from Assistant Secretary to Assistant Trust Officer; B. A. Steen, manager Broadway office, was elected a Junior Vice-President; Ford Prior, former Assistant Cashier, was elected Assistant Vice-President, Hill Street office; G. Leo Hess, Assistant Cashier, was promoted to Junior Vice-President; John C. Henderson, elected Junior Vice-President and manager, Maywood branch; B. F. Vogel elected Junior Vice-President and manager, Pico-Figueroa branch; W. D. Bower elected Junior Vice-President and manager, Wilmington branch. Frank L. Beach was elected personnel director.

In recognition of the part that women play in banking today, the directors of the bank promoted two bank women: Mildred Roberts, former Assistant Cashier, was elected Junior Vice-President; and Irene Parsons, Secretary to President H. D. Ivey and Secretary of the bank's Executive Committee, was elected Assistant Cashier of the bank. Both have spent many years with the organization. Miss Roberts, with the bank since 1915, is a past President, Association of Bank Women, member National Women's Party, and a member of Business and Professional Women of Los Angeles and Women's Auxiliary, Los Angeles Chamber of Commerce. Miss Parsons, President of National Business and Professional Women of Los Angeles, has been recently appointed General Chairman to organize a Women's Division of the Committee for Economic Development.

The directors also confirmed the appointment of H. H. Christensen, Vice-President. Mr. Christensen is head of the bank's enlarged consumer credit loan department.

Principal Features Of AIB War Conference In St. Louis In June Announced By Colby

The principal features of the program for the wartime conference to be held by the American Institute of Banking in St. Louis, Mo., June 6 to 8, have been announced by David L. Colby, President of the Institute, who is Assistant Vice-President of the Boatmen's National Bank in St. Louis. As was the case at the Institute's wartime conference in Chicago last year, which served as its 41st annual meeting, the conference to be held in St. Louis will transact the Institute's essential business and thus will serve as its 42nd annual meeting.

The program is being streamlined to fit into two-and-a-half days of rapid-fire business sessions, the annual national public speaking contest, for the A. P. Giannini Educational Endowment Prizes, a dinner and the annual caucus, followed by a dance sponsored by the St. Louis Chapter of the Institute.

The Institute's Executive Council, according to an official announcement which has been sent to national, chapter, and study group officers, has established a five-fold purpose for the conference and has recommended that attendance be restricted in compliance with recommendations of the Office of Defense Transportation.

The purposes for which the conference will be held are: To review the educational problems confronting chapter leaders so that an educational program designed to help banks in the training of new and upgraded employees can be effected; to review administrative problems confronting chapter leaders in order that the most effective methods of presenting and publicizing such an educational program can be achieved; to review the progress of the Job Instructor Training (JIT) Program which is considered essential to the war effort; to review the broad overall training needs of banks for the next several years and to plan for an adequate educational program to cover those needs; to elect the Institute's officers for the ensuing year and transact other official business of the Institute.

In full realization of the burdens being placed by wartime requirements upon the nation's transportation facilities, the announcement points out, the Executive Council has recommended that chapters and study groups with a membership of 100 or less be limted to two delegates to the conference.

Under the Executive Council's recommendations, chapters with a membership of 100 or more, are to be permitted one additional delegate for each 100 additional members or fraction thereof, with the exception that no chapter will be permitted to send more than ten delegates.

Moreover, the announcement says the Council recommends that delegates representing chapters and study groups are to have full authority to cast the number of votes to which the chapters or study they represent are entitled. Registration of non-delegates is to be permitted, and they are to receive the same privileges as delegates, with the exception of the right to vote.

The outline for the conference program follows: June 6, First Business Session and National Public Speaking Contest; June 7, Educational Conference and Chapter Administration Conference; June 8, Second Business Session.

Headquarters for the conference will be the Statler Hotel. However, delegates will also be registered at the nearby Lennox and Mayfair Hotels, owing to the shortage of hotel accommodations.

Must Relieve Labor Shortage In Chicago War Plants: McNutt

Vigorous measures must be taken within the next month to provide war production employers of Chicago with enough labor to enable them to fulfill their contracts on time, Paul V. McNutt, Chairman of the War Manpower Commission, announced on Feb. 2. Mr. McNutt added:

"Many manufacturers already have failed to meet delivery dates and there is imminent danger that others will be unable to maintain their production schedules unless the entire community unites in solving its manpower problems. Failure to keep in step with the national effort will be a serious blow to the war program.

"Unless industry's demand for labor can be met," Mr. McNutt said, "Chicago will be declared a critical area on March 1 and classified in Group I, that group of areas in which the labor market is admittedly so tight as to permit of no further expansion of activities." He explained that the immediate result of such classification would mean the withholding of all new war contracts and the refusal to renew those expiring unless facilities are of such a character that they can not be found somewhere else.

"Our local WMC organization, with the assistance of Mayor Kelly's special committee, is increasing its efforts to balance labor supply and labor demand in Chicago," Mr. McNutt said. "Our two years of experience makes it plain that the success of a local manpower program rests on the degree of community awareness and cooperation."

The advises from the WMC further said:

"Chicago, the nation's third most important war production center, where the dollar volume of contracts—$6,500,000,000 or 4.5% of the nation's total—is exceeded only by Detroit and Los Angeles," Mr. McNutt explained, "is lagging particularly in the output of a number of vitally needed items. Among these are aircraft engines and parts, heavy machinery and electronic equipment.

"One of the principal reasons for lagging production," Mr. McNutt said, "has been the inability of employers to obtain adequate working staffs. Chicago, he pointed out, has been relatively late in converting its peacetime industries, especially in iron and steel, heavy machinery, food and clothing, to war production. The construction of new war facilities is just nearing completion and the staffing of these establishments has just begun. Chicago, he said, "now is in the same position Detroit was in the spring of 1943 and Los Angeles in the summer of 1943.

"By March 1, 94,600 additional workers must be employed to meet the demands of expanding programs and to provide replacements for men taken into the armed forces. By May this number will be increased to 117,000, The labor supply in sight shows only 59,000 by March 1. The most optimistic estimates of the potential labor supply, he said, leave minimum shortages of 37,600 men by March 1 and 40,500 by May 1. These deficits, the Chairman pointed out, may be even greater since over two-thirds of the total labor supply consists of potential reserves of housewives and trade and service workers. Included in the sources of potential supply are the layoffs which may be expected in the construction and manufacturing industries; transfers from trade and service industries; the thousands of youths and housewives who have not, heretofore, been employed and a comparitively small number of those who will commute from other communities.

"As an indication of the difficulties employers are having in finding workers, the Chairman said that 57 major establishments representing 40% of the entire labor demand were expected to have hired 15,000 workers in November and December, 1943. They were able to employ only 3,000, representing an 80% lag in hiring schedules.

Result Of Treasury Bill Offering

The Secretary of the Treasury announced on Feb. 22 that the tenders for $1,000,000,000 or thereabouts of 91-day Treasury bills to be dated Feb. 24 and to mature May 25, 1944, which were offered on Feb. 18, were opened at the Federal Reserve Banks on Feb. 21.

The details of this issue are as follows:

Total applied for, $1,978,929,000.

Total accepted, $1,007,481,000 (includes $75,003,000 entered on a fixed-price basis at 99.905 and accepted in full).

Average price, 99.905+; equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.910; equivalent rate of discount approximately 0.356% per annum.

Low, 99.905: equivalent rate of discount approximately 0.376% per annum.

(45% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Feb. 24 in the amount of $1,008,704,000.

Cotton Spinning for Jan.

The Bureau of Census announced on Feb. 19 that according to preliminary figures 23,330,852 cotton spinning spindles were in place in the United States on Jan. 31, 1944, of which 22,217,994 were operated at some time during the month, compared with 22,596,322 for December, 22,623,406 for November, 22,599,426 for October, 22,631,338 for September, 22,632,776 for August and 22,935,012 for January, 1943. The aggregate number of active spindle hours reported for the month was 9,723,811,079. Based on an activity of 80 hours per week, the cotton spindles in the United States were operated during January, 1944, at 124% capacity. This percentage compares, on the same basis, with 115.3 for December, 125.3 for November, 129.5 for October, 127.5 for September, 122.5 for August and 139.8 for January, 1943. The average number of active spindle hours per spindle in place for the month was 417.